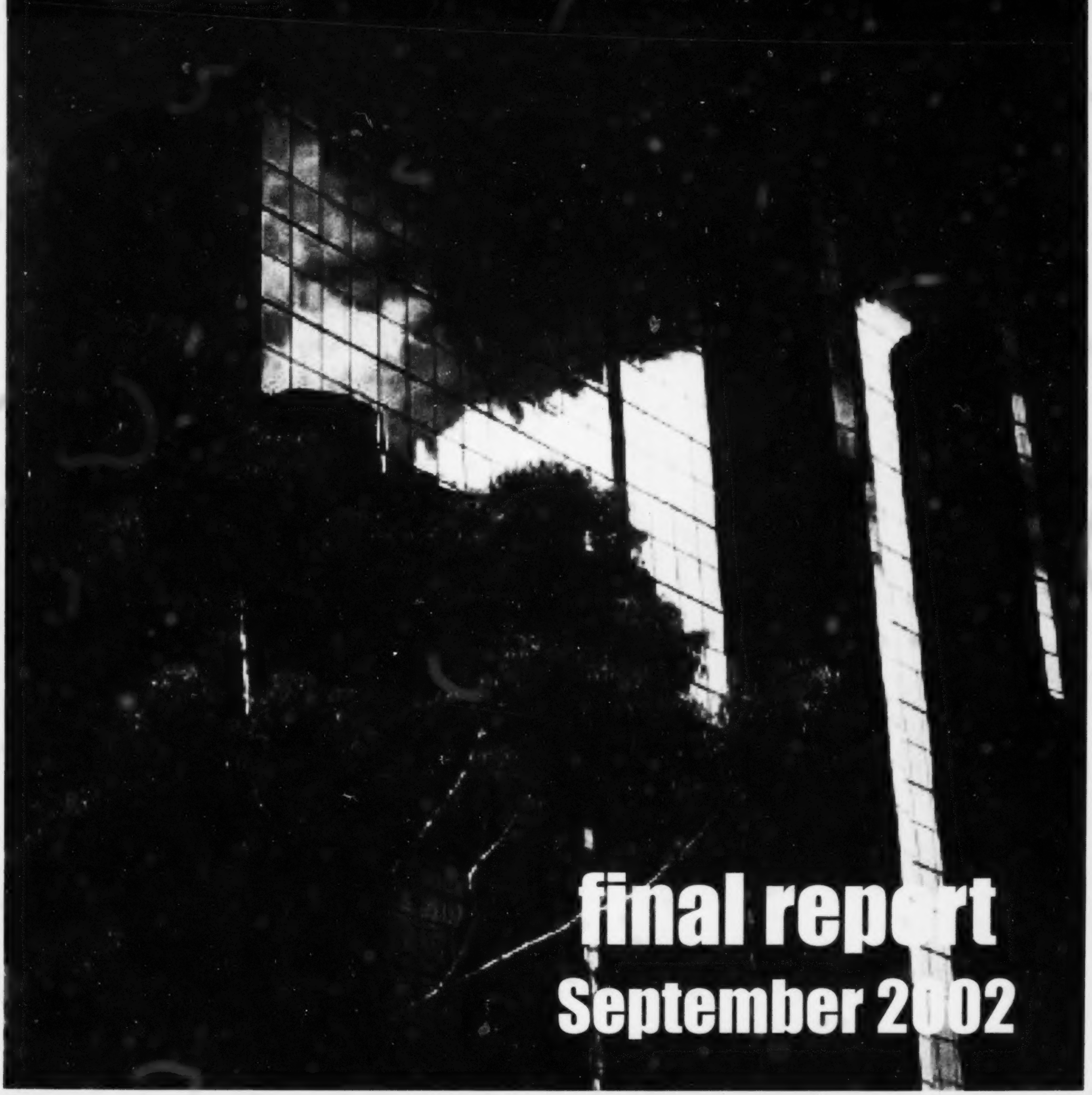
ASSESSMENT TASK FORCE



final report

September 2002

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Winnipeg

ASSESSMENT TASK FORCE

Report

September 16, 2002

September 16, 2002

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Winnipeg

ASSESSMENT TASK FORCE

September 16, 2002

Chairperson and Members
Executive Policy Committee

The Assessment Task Force, established by the Executive Policy Committee on December 5, 2001 has prepared its Final Report and is pleased to submit its recommendations for your Committee's consideration.

Councillor M. O'Shaughnessy
Chairperson

Martin Hak

Sandy Shindleman

Lorne Weiss

Acknowledgements

The Assessment Task Force gratefully acknowledges the assistance of its technical advisors in its deliberations and in the preparation of its report. In particular, the Assessment Task Force wishes to express its appreciation to Larry Loreth for his contribution to the report writing, and the following City of Winnipeg Administrators: Robert P. Gannon, Chief Financial Officer, Cliff Jeffers, Chief Information Officer, M. Brian Moore, City Assessor, Richard Kachur, City Clerk, and Jo-Anne Ferrier, City Treasurer.

ASSESSMENT TASK FORCE REPORT

1. Recommendations: Executive Summary

(A) Assessment

A.1 Legislative Framework

In its investigation the *Task Force* has observed that assessors in the City of Winnipeg have to work within a unique legislative framework that is not found outside the Province of Manitoba. This unique legislation leads to unnecessary complexities and, the Task Force believes, unnecessary costs that need not exist within the system. The *Task Force* therefore recommends that the following changes be implemented to rectify the situation:

1) The definition of value for assessment purposes be changed to more closely resemble that outlined in the Alberta legislation in order to make the system fairer for all taxpayers and to reduce the costs of administering the overall assessment system including the costs incurred by taxpayers using the appeal process.

2) City assessors be given the same rights of access to property as their counterparts in other areas of Canada, such as Ontario, Alberta, British Columbia and the rest of Manitoba.

3) The City Assessor be empowered to change individual assessments between General Assessments, under circumstances where both the Assessor and the property owner agree that there is a mistake as to fact, in order to have more accurate and equitable assessments as a whole and to eliminate unnecessary appeals.

4) *The Municipal Board Act* be amended to encourage the Municipal Board to award significant costs to a winning party. Greater deterrents are required to motivate assessors to correctly assess, and to motivate property owners to avoid frivolous appeals.

5) The City Assessor be allowed to amend the realty roll as the result of a preview or reconsideration period involving agreement between the assessor and property owner after the roll has been closed.

6) A reasonable legislative date for the submission of income and expense information to the Assessor in a legislated format be established.

A.2 Transparency Issue

One of the key components of a good property assessment process is transparency or ease of understanding for the taxpayers. It is necessary for legislative change to occur before an acceptable level of transparency can be accomplished. The *Task Force* therefore recommends the following legislative changes:

1) Shortening the assessment cycle to one or two years.

2) The reduction in the cycle be phased in starting with the General Assessment being returned in 2005. Following that a two-year cycle would result in a 2007 General Assessment. At that time a cost-benefit analysis would be conducted to determine the feasibility of a one-year cycle.

3) The Reference Year be in closer proximity to the Assessment Year. It is recommended that, by the time of the 2007 General Assessment mentioned above, the Reference Date be January 1, 2006.

4) The City of Winnipeg Act be revised to incorporate a change in the methodology used to determine business assessment. Rather than establishing an annual rental value, the revised legislation should utilize a percentage of value occupied as contained in the Realty Assessment Roll. This would result in the Realty and Business Assessment Rolls completed as part of a single process, including appeals.

5) The Appeal authority consider lack of compliance in providing required information as a determining factor in awarding costs, as outlined in recommendation A.1.4.

6) Property taxes be calculated on assessed values and percentages, based on categories, eliminating class portioning and mill rates.

7) The following process and time frame regarding finalization of the Property Assessment Roll in the City of Winnipeg be implemented:
   - The City would prepare the Roll and issue notices as of May 31 or earlier as available.
   - The Preview Process would be extended to all commercial properties as well. (Notably, the City has achieved a great deal of success utilizing a Preview Process for residential properties.)
   - The Preview Process would occur from June 1 to August 31. Where the Preview Process fails to find a common ground, appeals could be filed during this period.
   - Appeals may be filed anytime after notices have been received.
   - The Board of Revision hearing would then take place over a three-month period, from September 1 to November 30.

- During the month of December, final amendments to the Realty Assessment Roll would occur, and on December 31 the Roll would close.

A.3 Administration - Cost/Quality/Service

Cost - The *Task Force's* investigations have determined that the costs of administering the assessment system in the City of Winnipeg are significantly higher than in all other jurisdictions within Canada.

1) The *Task Force* recommends that a complete review of the procedures and methodologies of the department be conducted by an outside consultant in order to identify best practices throughout the industry.

2) The task force recommends that the outside consultant consider the establishment of an independent province-wide assessment authority for Manitoba, ending unnecessary duplication in a province with such a small population.

Quality - Investigations show that the public's dissatisfaction with the quality of assessments is unacceptably high. This is borne out by the high number of appeals by Winnipeggers.

1) The *Task Force* recommends that qualifications be raised for new hires and all promotions to include appropriate university degrees.

2) The *Task Force* recommends that all existing assessors be required to complete their Appraisal Degree (University of British Columbia). Current qualifications for an assessor require only a Grade Twelve education, or equivalent, and a valid Diver's License.

Service - The Task Force received many representations during its deliberations. Common threads included the confrontational attitude and lack of informational response from assessors. A recent Municipal Board decision (see Appendix N) placed a value of $7.5 million on a property originally assessed at $14.8 million. Media reports quoted an assessment official as calling the result a victory for the Department.

1) The *Task Force* recommends that new customer service and public relations standards be implemented within the Department, and that all staff be given training in these areas.

2) The Task Force recommends that the Department undertake a review of its internal electronic security system with a view of appearing more open to the public, while maintaining minimum standards necessary for the security of information.

3) All present and future Assessment Department staff be required to undergo public relations and ethics training.

A.4 Equity in Assessment and Taxation

The *Task Force* is of the opinion that since property assessments are utilized to apportion the costs of municipal government amongst the beneficiaries of those services, equity in assessment methodology and tax treatment is critical. Upon reviewing the evaluation of various utilities and linear properties used for the transportation of goods or people, it is apparent that the same tests of market value are not equitably applied. In addition, the *Task Force* has become aware of properties either not assessed or either completely or partially not taxed, due to legislative restrictions imposed by other levels of government. In situations such as these, the balance of the citizens of Winnipeg are subsidizing these entities.

The *Task Force* therefore recommends that:

1) All properties be assessed.

2) Only the level of government affected should have the authority to exempt properties from taxation. This will ensure that all properties in the City are treated fairly and ensure tax equity between all tax classes.

3) *The Centennial Projects Tax Status Act* be repealed.

4) Appropriate amendments be made to *The Municipal Assessment Act* and *The City of Winnipeg Act* to provide for the fair and equitable taxation and assessment of utility companies. (See APPENDIX E).

5) MTS and other telecommunication companies pay taxes on the market value of their distribution infrastructure, as occurs in other provinces across Canada.

6) Railway infrastructure be taxed at fair market value, and all private sector business interests be placed on a level playing field for realty taxation. The legislation that presently exists requires updating to reflect the fair market value of roadway property owned by the railways.

(B) Appeals

B.1 Board of Revision

In its deliberations, the Task Force concluded that the Board of Revision provided an integral access point to taxpayers. The Task Force commends the Board of Revision for its orderly processes and recognizes its Chair for the standards and training that have been implemented.

The *Task Force* recommends that:

1) Provincial legislation be amended to allow the utilization of one person panels to hear single-family residential appeals.

2) The Board of Revision formally divide its members into two specialized areas - residential and commercial.

3) High value assessment appeals be priorized at the front end of the assessment appeal process.

4) The existing training program developed by the Chair be continued and the City provide a budget level to accommodate fair compensation and training for Board Members.

5) The Chair of the Board of Revision evaluate members on an annual basis.

B.2 Transparency

The *Task Force* has observed that, unlike other similar appeal panels, the Board of Revision does not provide reasons for its decisions. This has resulted in many appeals being carried forward, at considerable cost, to the Municipal Board level.

The *Task Force* recommends that:

1) The Board of Revision provide reasons for its decisions either verbally at the hearing or in writing prior to the end of the Board of Revision appeal period.

2) Provincial legislation be amended to require written submissions by all parties, at least 14 days prior to a scheduled commercial appeal hearing, and that this information be exchanged between the parties.

B.3 Municipal Board

The *Task Force* recommends that:

1) The Municipal Board be restructured to provide a division which would operate solely as an Assessment Appeal Board.

2) An appeals resolution process similar to that being used by the British Columbia Property Assessment Appeals Board be instituted by the Manitoba Municipal Board or its replacement to expedite the appeal process.

(C) Taxation

In the area of taxation, the *Task Force* recommends that:

1) The cost of education not be funded through property taxation but from Provincial general revenue. Until the education funding model is changed, the Province and the School Divisions should be responsible for billing and collecting their own revenue from property taxes.

2) Where the Appellant is successful and the Appeal results in a refund, refunds should be paid by the same parties (i.e. the Province, the school boards, and the City) who were the recipients in proportion to their original share of the revenue.

2. Introduction

a) *History*

In 1985, the Court of Queen's Bench ordered the City of Winnipeg to conduct a general assessment for the year 1987. Prior to that, the last general assessment had been performed in 1962 and completed in 1966.

Legislation had always required that a general assessment of Winnipeg real estate be performed every three years. This requirement had not been fulfilled for almost 20 years. As a result, the assessment roll maintained by the City of Winnipeg up to 1987 bore no relation to market value.

As directed, the Assessment Department prepared a general assessment for 1987. The value of properties was determined by a cost approach, which was reflective of the method traditionally employed by the City of Winnipeg. The value of properties was established at a reference year of 1975.

The transition to a market value property tax assessment system was particularly difficult for the City of Winnipeg during the first decade of implementation. Between 1987 and 1996, the City returned in excess of $200 million in assessment tax refunds.

Market Value Property Tax Assessment

In late 1987, the Court of Appeal identified to the Assessment Department that it did not approve of the methodology employed in the creation of the 1987 assessment roll and that for the next general assessment in 1990, the concept of current market value would be employed. However, the Assessment Department was unable to perform an accurate market value assessment. Its staff was trained and experienced in the use of a unique Winnipeg circa 1940 cost approach to value, rather than the income approach, the accepted method for assessing the market value of certain commercial properties. As such, the 1990 general assessment was prepared utilizing the Winnipeg centric version of the replacement cost approach, which had little relation to current market value. The result cost the City of Winnipeg an unprecedented amount of money.

Prior to 1985, the Assessment Department had limited experience in defending its roll against appeals. A general assessment had not been performed for almost 20 years, and existing assessed values were seldom challenged successfully, since only employees of the Assessment Department understood the system in use. The 1987 and 1990 general assessments did not accurately represent current market values, a concept more clearly understood by the average taxpayer. This resulted in 56,000 assessment appeals between 1987 and 1993.

Commercial Assessment Appeals …delayed

When an Assessment Appeals Task Force comprised of representatives of the Corporate Finance Department, Legal Services Branch and the Assessment Department was established in 1994 to deal with the enormous backlog of appeals, a decision was made to deal with residential appeals before commercial appeals. It was known, that 20% of appeals represented 80% of value at risk for the City. Yet, a decision was taken that effectively delayed the hearing of the commercial assessment appeals. Considering the fact that refunds were subject to a high rate of interest, delaying the defence of high value commercial appeals was a gamble that could result in enormous cost to the City, if the appeals were upheld…which is exactly what happened. Although commercial assessments were flawed, it was the delay in managing the problem, which cost the City in excess of $200 million.

In response to this financial disaster, the City of Winnipeg completed a *Property Tax Assessment Inquiry* in 1996 (APPENDIX A). To determine whether the recommendations of this inquiry had been satisfactorily carried out and in order to ensure that the City could depend upon a reliable and stable assessment system for the 2002 general re-assessment an *Audit of the Property Assessment Function* was conducted in 2001 (APPENDIX B).

b) *Committee Formation*

At its meeting of December 5, 2001, the Executive Policy Committee adopted the following motion:

> *WHEREAS the Executive Policy Committee is desirous of examining current assessment processes in the City of Winnipeg with a view of bringing forth recommendations for improvement;*
>
> *AND WHEREAS the Executive Policy Committee would like to strike an Assessment Task Force to examine the following:*
>
> - *Current year assessments - change in the re-assessment cycle and more current reference years*
> - *Recruitment and education of Board of Revision members*
> - *One stop process - assessment adjustment process*
> - *Simplified criteria which is publishable and understandable-communications vehicles*
> - *The income sensitive approach to assessment*
> - *Information technology applications:*

THEREFORE BE IT RESOLVED that an Assessment Task Force be struck by the Executive Policy Committee comprised of the following membership, namely:

Councillor M. O'Shaughnessy, Chairperson
Mr. Martin Hak
Mr. Sandy Shindleman
Mr. Lorne Weiss
Ms. Brigitte Fritz

And further, that Mr. Bob Gannon, Chief Financial Officer and Mr. Brian Moore, City Assessor be non-voting ex officio members of the committee to examine the above-noted assessment processes for report back to the Executive Policy Committee.

c) *Committee Methodology*

Commencing on January 31, 2002, the *Task Force* convened twelve meetings, during which administrative support contributed information and made presentation at the request of Committee Members. The *Task Force* studied comparable assessment models in other jurisdictions and conducted a site visit to two of them, specifically British Columbia Assessment Authority and the Calgary Assessment Department. In addition, the Committee heard submissions from interested parties.

3. Assessment Process Findings

a) *Staffing*

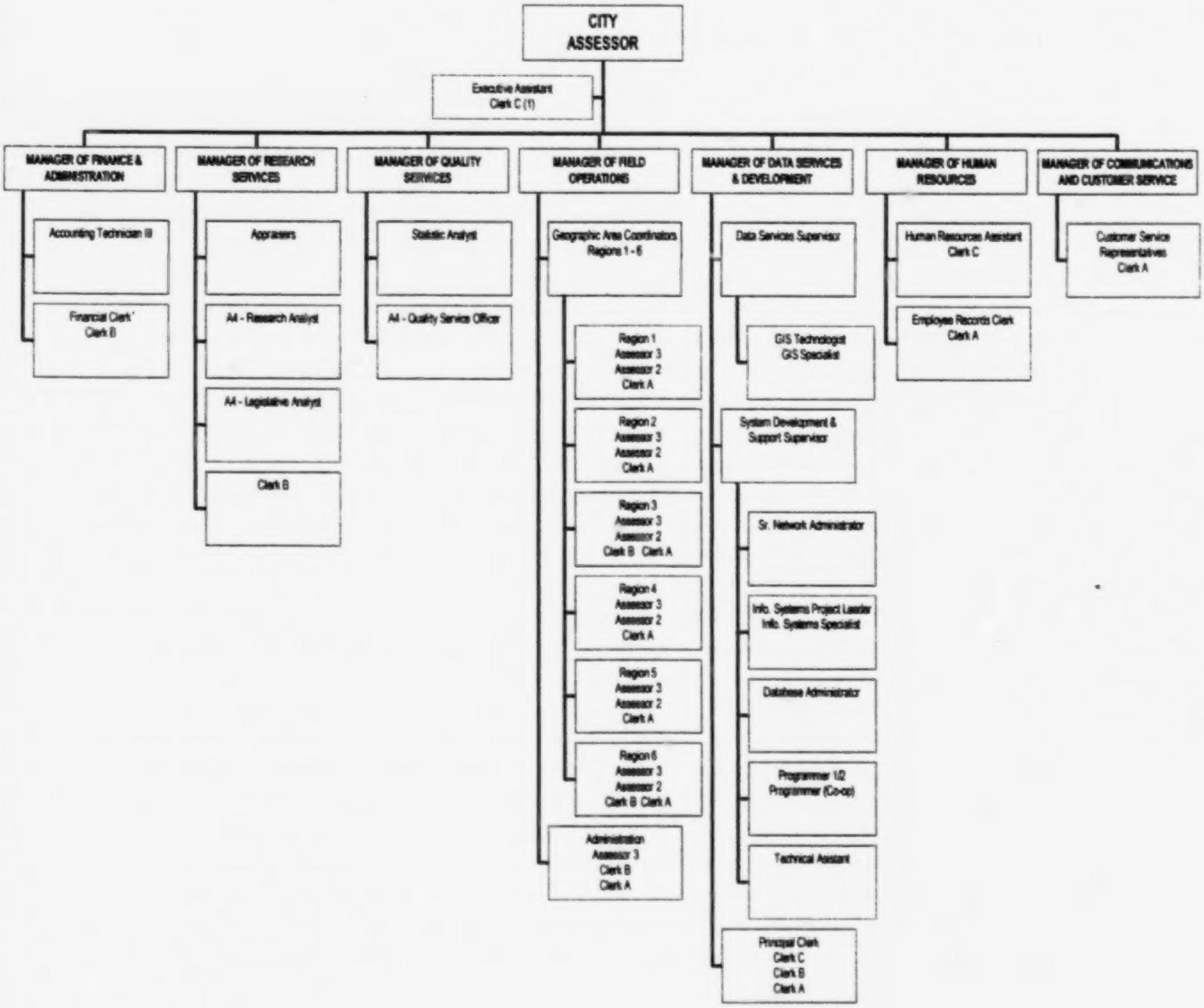
Size: The budgeted complement in the Property Assessment Department is 158 people. Currently 145 people are employed in the Property Assessment Department. Of the staff, 68 or 47% are currently holding positions as assessors. There are 11 Assessor IVs, 42 Assessor IIIs and 15 Assessor IIs.

Staff qualifications: There are presently four levels of assessor. The existing minimum qualifications for assessors in the City of Winnipeg are almost non-existent relative to industry standards. The Assessment Task Force believes that the job descriptions should be upgraded and re-written to reflect existing industry standards. This project is presently underway and the Task Force supports the successful outcome. In other jurisdictions, such as Alberta, industry standard qualifications are legislated. The regulation of qualifications is of benefit in Alberta since each municipality is responsible for the assessment function and many have contracted the function to private companies. The legislative requirement for qualifications is one quality check used by the Provincial Government. In Manitoba, since there are only two assessment authorities, the same objective can be met through a co-ordination of job specifications.

In 1990 the Canadian Heads of Assessment selected the University of British Columbia (UBC) Real Property Assessment Certificate Programme as the basic education standard for Assessors in Canada. Out of the 68 assessors presently working in the Property Assessment Department, 33 have successfully completed the two-year UBC – Real Property Assessment Certificate Programme. Another 16 individuals are presently studying in this two-year program, 12 of whom are enrolled in the final year. Twelve of the 33 individuals who graduated from the two-year certificate program have also completed the four-year University of British Columbia – Urban Land Economics Diploma Program. Therefore, 49 individuals, which equates to 72% of assessors, have either upgraded themselves or are presently enrolled in the Real Property Assessment Certificate Program at the University of British Columbia, in order to upgrade their qualifications to meet the industry standard. There are also 12 staff members actively involved in obtaining or maintaining their qualifications with the Appraisal Institute of Canada through the completion of educational initiatives. The City also has one assessor who has recently obtained the highest designation available (Certified Assessment Evaluator) through the International Association of Assessing Officers (IAAO). This same individual is currently becoming Canada's second certified instructor permitted to deliver IAAO training programs.

The City, in conjunction with the Manitoba Association of Assessing Officers, the Provincial Assessment Authority, the Real Estate Institute of Manitoba, and The Manitoba Chapter of the Appraisal Institute of Canada, has initiated discussion with the Continuing Education Division of the University of Manitoba about Assessment education. At this time it appears that the University will be capable of offering the UBC curriculum in a classroom setting to current and future assessors in the upcoming academic year. This will allow individuals interested in Property Assessment as a career to obtain the basic knowledge of and exposure to Assessment. This will put Manitoba on an equal footing with many other assessment jurisdictions that have access to a pool of trained potential employees.

Organization Chart


CITY ASSESSOR
Executive Assistant Clerk C (1)
MANAGER OF FINANCE & ADMINISTRATION
Accounting Technician III
Financial Clerk' Clerk B
MANAGER OF RESEARCH SERVICES
Appraisers
A4 - Research Analyst
A4 - Legislative Analyst
Clerk B
MANAGER OF QUALITY SERVICES
Statistic Analyst
A4 - Quality Service Officer
MANAGER OF FIELD OPERATIONS
Geographic Area Coordinators Regions 1 - 6
Region 1 Assessor 3 Assessor 2 Clerk A
Region 2 Assessor 3 Assessor 2 Clerk A
Region 3 Assessor 3 Assessor 2 Clerk B Clerk A
Region 4 Assessor 3 Assessor 2 Clerk A
Region 5 Assessor 3 Assessor 2 Clerk A
Region 6 Assessor 3 Assessor 2 Clerk B Clerk A
Administration Assessor 3 Clerk B Clerk A
MANAGER OF DATA SERVICES & DEVELOPMENT
Data Services Supervisor
GIS Technologist GIS Specialist
System Development & Support Supervisor
Sr. Network Administrator
Info. Systems Project Leader Info. Systems Specialist
Database Administrator
Programmer 1/2 Programmer (Co-op)
Technical Assistant
Principal Clerk Clerk C Clerk B Clerk A
MANAGER OF HUMAN RESOURCES
Human Resources Assistant Clerk C
Employee Records Clerk Clerk A
MANAGER OF COMMUNICATIONS AND CUSTOMER SERVICE
Customer Service Representatives Clerk A

Employment practices:

Hiring is based on the collective agreement between the City, WAPSO and CUPE. A job within the CUPE bargaining unit is advertised within the union and the senior qualified person is selected. If there is no qualified applicant within the bargaining unit then other applicants from within the City are considered. External applicants would be considered only if there are no qualified internal applicants. When filling a job within the WAPSO bargaining unit all qualified applicants, internal and external, are considered based upon individual ability, achievement, and performance. Preference is normally given to qualified internal applicants.

Cost - effectiveness of administration:

The 2001 Audit of the Property Assessment Function surveyed the cost-effectiveness of administering property assessment in other Canadian jurisdictions. Winnipeg was the least cost- effective. The number of parcels maintained per assessor ranged from 2623 in Winnipeg to 5228 in Halifax / Dartmouth, with Regina, Calgary and Edmonton at 3589, 3441 and 4273 respectively. Winnipeg's operating cost was the highest in Canada. The cost per assessment ranged from $38 in Winnipeg to $20 in Halifax / Dartmouth.

Some of the cost differentials can be accounted for by the differences in administrative costs between a Province-wide (Nova Scotia) and a Municipal Assessment Authority such as Winnipeg. Others can be explained by the lower operating costs associated with a "regulated non-market value" assessment system such as exists in Saskatchewan. The most telling comparison is that with the Cities of Calgary and Edmonton which are the most comparable to the Winnipeg situation. Even after adjustments are made for differences in accounting amongst the three and the different levels of Provincial financial support for Assessor education, it is still apparent that Winnipeg's costs are too high and the ratio of properties to assessors is too low.

The City is presently attempting to correct this issue through a review of administrative and the legislative framework within which the Property Assessment Department must operate.

The *Task Force* supports the review being conducted by the Property Assessment Department and is reinforcing many of the Legislative adjustments required and identified by the Administration via this report.

b) *Assessment Methodology and Practice*

Overview

As identified in the *Audit Report on the Property Assessment Function* "the City of Winnipeg is entitled to levy real property, personal property and business occupancy taxes for all assessable properties within its boundaries. The basis for the tax roll for the

City is the assessment roll. The City Assessor is required to create the assessment rolls every year and provide the requisite notices to taxable parties.

Real property and personal property is assessed at market value, which means the amount that the property might reasonably be expected to realize if sold in the open market in the applicable reference year by a willing seller to a willing buyer.

Business assessment is assessed on base market rent of the premises plus utility costs, which reflects the *comfortable cost* of occupancy.

The City Assessor is responsible for carrying out a general assessment every four years, as well as issuing annual maintenance rolls and amending the assessment rolls in accordance with legislative provisions. A general assessment applies to the year in which it is made and to the three years following that year. The reference year, the year in which the assessor shall make assessments of all assessable property, is the year following the year of the previous general assessment.

The Property Assessment Department's role in providing fair and equitable assessments with respect to property valuation and annual assessed values is significant with respect to the proportion of total tax revenue received by the City. Approximately 58% of all tax-supported revenue relates to property taxes and another 10% relates to business taxes.

Inaccurate assessments, which may be difficult to defend during appeal processes, present a financial risk to the City of Winnipeg. Additionally, when the City loses an appeal that results in a refund, the City funds the entire tax adjustment that includes the education tax dollars. There is also a risk that an undetermined amount of tax is not collected due to under-valuation of property assessments.

The Property Assessment Department has the responsibility to appropriately defend appeals at the various appeal levels and reduce the likelihood of successful taxpayer appeals where the assessment is based on fair and equitable valuations. To assist in the mitigation of financial risk relating to appeals that have been filed, the Department also provides valuation information to Corporate Finance, which can assist the City in estimating and budgeting for projected losses on appeals.

The Department has recently introduced a new organizational structure based on a geographic or neighborhood assessor model of service delivery. This structure is intended to enhance customer service and enable assessment staff to be more available and accessible to citizens, with the opportunity to develop a rapport and a sense of integration within the community over time. The Department is now organized under six divisions: Field Services, Research Services, Quality Services, Finance and Administration, Data Services and Development, and Communications and Customer Service.

The Assessment System

The operational environment of the assessment system is broad and includes:

- Assessment Department
- Board of Revision / Municipal Board / Courts
- Legislation
- City Council
- Office of the Provincial Municipal Assessor
- Other civic departments

Objectives of the Assessment System

Transparency of methodology, efficiency, stability, equity, and consistency are the objectives of an assessment system. As previously discussed, from 1987 to 1996, the Winnipeg Property Assessment Department was unable to attain these objectives. However, as indicated by the Audit of the Property Assessment Function, the majority of the recommendations of the 1996 Property Tax Assessment Inquiry were carried out, and "in general, with the exception of certain risks associated with commercial properties, key risks related to the 2002 general assessment were successfully identified and mitigated to a satisfactory level."

Goals and Objectives regarding delivery of service values: Guiding Principles

The Property Assessment Department has adopted a set of fundamental principles to guide the delivery of services to the citizens of Winnipeg. These are known as the FOUD principles - Fair, Open, Understandable and Defensible.

- **Fair Assessments** will be equitable and based on market value, current information and relevant court interpretations.

- **Open Information** and business will be accessible.

- **Understandable Assessments** will be clear and comprehensible.

- **Defensible Assessments** will be based on sound market analysis, fully documented, and will exceed industry standards.

Fairness is based on a system which generates accurate market value estimates which are not statistically biased in any way. The values must be established using up-to-date property information as well as current interpretations by the courts of the pertinent legislation. The key aspect is that not only must the system be fair, it must be perceived as fair by the taxpayer.

Openness in the assessment process refers to the rights of the taxpayers or their agents to information. That information includes: how their particular assessment was calculated; how their assessment compares to those of similar properties within the vicinity; and sufficient details about the other properties to judge if the assessment is proper or not. In addition, the taxpayer should have access to documented procedures and standards used to establish the value of their property using mass appraisal methodology.

An **Understandable** assessment system must have documented procedures in place which are founded on accepted Mass Appraisal Theory. These procedures must result in values, which relate directly to market value analysis for the appropriate base year. The results of the market value analysis based on the documented procedures must be applied in as simple a way as possible so that the taxpayer can judge the accuracy of the application.

A **Defensible** system is one where the values are based on sound market analysis. This analysis must be well documented and itself be based on the documented standards and procedures for the Property Assessment Department. The procedures must take into account the latest interpretation of the Assessment legislation by the courts and tribunals. To ensure that the standards are being met, a quality process must be in place throughout the organization and throughout all stages of the information gathering and valuation process.

Approaches to Value

There are three basic approaches to value: sales comparison, income and the cost approach. The "Sales Comparison" approach estimates a property's value by reference to comparable sales. This method works well with low density residential properties, which have a large number of comparable sales. This approach models the behavior of the market place. The "Income" approach uses capitalization (rate) to convert the anticipated benefits (future income stream) of property ownership into an estimate of present value. This method works best with non-residential properties which have a limited number of sales to compare value with. The "Cost" approach is based on the principle of substitution. That is, an informed purchaser would pay no more for a property than the cost of building an acceptable substitute with similar utility. This approach determines the replacement cost of the improvement less depreciation plus the land value. The cost approach is the accepted approach to use when valuing special purpose built properties. It is also considered to be a good proxy for sales data when dealing with properties with newly constructed buildings.

Concerns

The public is looking for taxation that is understandable. The present system does not satisfy that requirement.

I. **Transparency**: The public does not understand the existing system because of the 4-year cycle of General Assessments.

II. **Reference year:** The Reference or Base Year in the current four-year cycle is at a minimum three years out of date and by the end of the cycle six years old. The average taxpayer does not have the resources to know if their assessments are accurate when dealing with historic information such as this.

III. **Preview Process:** The residential Open House or Preview Program instituted in support of the 2002 General Assessment helped to inform many taxpayers about the assessment and property taxation systems. This area of public education and interaction must be a constant focus for the department and the audience must be expanded to include other groups.

IV. **Communication**

- Business Communications

  For the 2002 General Assessment, the Property Assessment Department contacted non-residential property owners representing about 85% of the total non-residential (commercial) property value in the city. Not all of them responded to the offer to meet with them and discuss their proposed assessment, but the offer was made. There was, in effect, a Commercial Preview Program but it did not have the scope or visibility of the residential program. The recent Audit Report on the Department recommended that Assessment institute a full-scale, formal commercial preview program.

  The Department is moving ahead on the implementation of a formal Commercial Preview Program. It will be included in Property Assessment's new Business Plan, which is now being drafted.

  The *Task Force* approves of the transparency of the process introduced for residential properties in conjunction with the 2002 General Assessment but is of the opinion more emphasis should be placed on making the non-residential assessment process more transparent and accessible.

V. Public Relations

According to the Audit Report the Property Assessment Department has been pro-active regarding implementation of several new initiatives, such as development of a website. Customer service initiatives for the taxpayer, such as a preview program and call-in center, have been implemented. The success of the Preview Program has significantly reduced the number of residential assessment appeals.

Professional Courtesy

Assessment continues to address customer service issues. The entire department received a full day of customer service training prior to the start of the Residential Preview Program in 2001. Assessors working the open house portion of the program received an additional half-day of training specific to the open houses. Funding has been obtained through the City/CUPE Joint Training Fund to provide a half-day of customer service training to assessors. Customer Service staff have also taken the City's program for dealing with difficult customers. The importance of good customer service is continually stressed within the management team and subsequently to all staff. Much more must be done in this area.

VI. Growth in Assessment

In order to monitor growth in Winnipeg's realty assessment tax base, the Property Assessment Department is developing a computer system in conjunction with the Planning, Property and Development Department, that ties the assessment evaluation process to the City's building permit system. The system is known as PITA or the Property Information Tracking Application. It is imperative that the City maintains an up-to-date realty assessment base, in order to capitalize on growth. To date, the ability to monitor and include growth immediately after it has occurred has been limited. Based on its new computer system (PITA), the assessment base will be more current and the City will no longer lose property tax revenue, as occurred in the past.

VII. Business Tax

Business tax is derived from the Business Assessment Roll. Business assessment is levied against the occupier of commercial space - it is the space within the property that is taxed. The tax is based on the Annual Rental Value or ARV, which represents the cost of occupancy. A tax rate is applied to the ARV and the product of these two variables generates the business tax.

c) *Tools / Legislation*

Environment

Assessment systems and in some instances approaches to value are governed by legislation enacted by the Provinces. One particularly good example of a province legislating approach to value is Alberta. In Alberta, Regulation 289/99 states:

12 an assessment of property based on market value
  - *i. Must be prepared using mass appraisal.*
  - *ii. Must be an estimate of the value of the fee simple estate in the property, and*
  - *iii. Must reflect typical market conditions for properties similar to that property.*

Once legislation has been passed, the Courts on appeal determine how the legislation will be interpreted. Assessment Authorities and the Tribunals implement those interpretations where they exist and attempt to interpret the legislation where there is no decision. Different legislation and subsequent board orders may result in different assessment systems between jurisdictions.

The *Task Force's* investigations determined that much of the historic confusion and the high costs of administering the assessment system in Winnipeg can be directly attributed to the legislative framework in the Province of Manitoba.

Current Legislation

Legislation that affects property assessment in the City of Winnipeg is based on the Municipal Assessment Act, the City of Winnipeg Act and "other legislation" documented in "APPENDIX D" of this report.

Legislative Issues

1. The Courts Interpretation of the Legislation

   The impact of the legislative framework under which the Winnipeg Assessment Department operates is addressed in the following observations by the Court of Appeal:

   In the Nazerene College Decision (1999) the Court states:

   "This is yet another in a series of real estate assessment appeals that have come to this Court (with leave) over the past few months. As is most always the case, the issue involves the correct statutory interpretation of the Municipal Assessment Act, C.C.S.M., c. M226 or the City of Winnipeg Act, C. C.S.M., c. 10 (the Act). Once again, the Court must do its best to determine the meaning of the legislative provision

in question in the context of the statute which contains provisions that are often difficult to comprehend and not always consistent."

In an earlier Wellington Crescent Decision (1998) the Court stated:

"There can be no doubt that after years of difficulty with real property assessment in this province and after a number of piecemeal amendments to the MAA, the system does not work well for either assessors or owners. The plethora of cases coming before this Court involving assessment issues puts this observation beyond dispute. The balance between administrative efficiency and fairness to owners may not be easy to achieve, but that surely is the responsibility of the Legislature. Courts cannot be expected to make workable that which does not work. Courts ought not to be expected to apply rigid rules of interpretation which fly in the face of reason and justice."

Without adequate legislation it is not possible to provide a fair, open, understandable, defensible assessment system which fairly distributes the cost of services to the appropriate taxpayers. When the framework under which the Assessment Department operates is flawed to the extent indicated in the comments by the Court of Appeal, the ability to deliver assessments is compromised. In addition, even though the Assessment Department may be meeting International Standards of Assessment quality for mass appraisal, the Legislative framework is such that these standards are not accepted by the Courts and Tribunals. This adds to the costs of the system, creates a confrontational environment and discriminates against those who are most economically challenged or have English as a second language, since these groups are less likely to use the appeal process to their advantage.

2. Board's Authority to Ensure the Assessment is Accurate

It is only since January 1, 2002 that boards have been given the authority to increase assessments under appeal when the Assessor has issued a notification to a property owner who has initiated an appeal at the appropriate Board that an increase will be sought at the appeal hearing. This may well have an impact on the number of appeals filed and / or withdrawn. More importantly it allows the Tribunals, an important part of the Property Tax Equity regime, to place proper assessments on properties under appeal. Prior to this date the Court of Appeal had ruled that Assessments could only be reduced or confirmed upon appeal if the assessor had initiated an appeal in the first instance seeking an increase. (*79912 Manitoba Ltd. and Valley Gardens Apartment Ltd. vs. The City of Winnipeg*, December 16, 1998)

From an operational perspective, this meant that if a Board indicated that a property was undervalued the assessor had to initiate an appeal in the year following the decision to have the assessment corrected. Municipal Board hearings for any particular assessment year quite often occur a number of years after the original assessment is established so the balance of the taxpayers in the City have been subsidizing the owner of the under valued property in the interim.

The *Task Force* commends the Legislature for providing the Assessment Tribunals with the authority to, on appeal, ensure that assessments are accurate. This initiative has made the Assessment system fairer for all the taxpayers of the City of Winnipeg.

3. Determining Fair Market Value

The primary criteria used in evaluating property is "fair market value".

The Municipal Assessment Act governs the assessment function in the City of Winnipeg. Two major sections of this Act stipulate that property must be assessed at value. Specifically, Section 17(1) states:
"Subject to the provisions of this part, an assessor shall, for the purposes of this Act, assess property at value."

Value being defined as,
"in respect of property being assessed under this Act, the amount that the property might reasonably be expected to realize if sold in the open market in the applicable reference year by a willing seller to a willing buyer"

Another criteria relates to "fairness and equity".

The fair and equitable provision states in Section 54(3)
"a board or panel shall not change an assessed value where the assessed value bears a fair and just relationship to the assessed values of *other assessable properties"*.

These two criteria are typical of similar legislation found across Canada. In other jurisdictions, when read in conjunction with each other, this has been interpreted to mean that the Assessment system must be based on parameters extracted from sales in the real estate market but that the parameters must be applied in such a way as to ensure that physically similar properties within a market area pay similar taxes since they draw similar City services.

In Manitoba however the Courts have determined that site specific market value should be the prime determinant when assessing properties and that assessments will be fair and equitable when all properties are assessed at a market value which represents their unique circumstances. This notion has been confirmed in a decision by the Court of Appeal for Manitoba (1993), in regard to Flanders vs. the Assessor for the City of Winnipeg. This opinion has been subsequently confirmed in the Leila Farms and Seabrook Industries Ltd. decisions (Court of Appeal 1997).

Although the concept of fair market value has been accepted by the courts, the issue here is related to assessment methodology…the use of "mass appraisal versus site specific evaluation". The Courts and Tribunals have recognized that for perfectly valid economic and administrative reasons mass appraisal techniques must be used by the Assessors in Manitoba to establish the original assessed values. Mass appraisal techniques are designed to produce values which would result in physically similar property within a market area paying similar taxes. However, when the properties go before the Tribunals they require the production of a site specific appraisal based on when leases were established, the level of management expertise of the owner, etc. This approach can result in similar properties within the same area paying quite different taxes.

This also means that property owners in Winnipeg, unlike their counterparts in Alberta for example, are unable to check the accuracy of their assessments by simply comparing to similar property in their area. Instead, they must either do their own market data search and analysis or hire an outside expert to perform the task for them.

In an attempt to recognize the uniqueness of the Assessment Legislation in Manitoba as interpreted by the Courts, during the initial appraisal process, the Winnipeg Property Assessment Department strives to complete an assessment on each commercial property, which recognizes specific characteristics and income histories of the individual properties. The objective of this is to minimize the tax transference from properties which benefit from a site specific appraisal on appeal to those that do not appeal their assessments. This process is more labour intensive and much more expensive. The ability to recognize the specifics of each property is dependent upon the cooperation of the taxpayer in supplying detailed information and the time available during the reassessment period.

As such, the Court's interpretation of the Provincial Assessment legislation has resulted in a more onerous and expensive method of assessing properties. The impact of this is more significant in the City of Winnipeg versus other areas of the Province due to the high concentration of investment and special purpose properties.

The *Task Force* recommends that the definition of value for assessment purposes be changed to more closely resemble that outlined in the Alberta legislation in order to make the system fairer for all taxpayers and to reduce the costs of administering the overall assessment system including the costs incurred by taxpayers through the appeal process.

4. Access to Property Information

One of the prime determinants of an accurate assessment is complete and up to date physical information about the property being valued. In order to meet this need, Assessors should have the right to view the property being assessed. The City of Winnipeg is the only jurisdiction in Canada which does not have an automatic right of access to property based upon a reasonable request. As the administration in the City

Property Assessment Department has phrased it, "This is like Revenue Canada trying to determine peoples income tax without having access to T4 information."

The *Task Force* recommends that City Assessors be given the same rights of access to property as their counterparts in other areas of Canada, such as Ontario, Alberta, British Columbia and the rest of Manitoba.

The Property Assessment Department has the authority under the current legislation to request information to assist in the valuation of the property. With respect to income and expense information non-compliance or incomplete compliance is penalized by giving effect to any reductions made by the tribunals only the year following the decision. This concept works well while a multi-year cycle of assessment is in place. In Alberta, which is on a one year cycle, the right to appeal an assessment is forfeited through non-compliance.

The collection of the data is also quite onerous and costly in Winnipeg. An annual request for information is sent out to all owners of property which are valued using the income approach to value. Those that do not comply with the original request are sent a registered letter requesting the data and there are also attempts to make phone contact. Quite often the information, when it is returned is incomplete or in a format different from the one requested. This results in further follow-up having to be made to clarify the information. All of the administration of this process adds time and costs to the system. The solution to getting the data in a consistent format is the creation of regulated questionnaires for the various property types. Regulated Income and Expense questionnaires have been in use in Ontario for decades. As a result many owners of investment properties have developed computer printouts which replicate the required format. To eliminate the significant administrative costs to collect this type of data Alberta has a legislatively required date by which it must be supplied to the Assessor.

The *Task Force* recommends that a legislated date and format for the submission of income and expense information to the Assessor be established.

5. Taxation of Utility Companies

Manitoba Hydro – Similar to the taxation of a telephone company located in Winnipeg, the taxation of each company supplying electric light for gain has its distribution infrastructure assessed at a fixed assessment of $1.2 million. As a result, Manitoba Hydro pays a nominal 2002 municipal property tax of approximately $23,000 for its entire distribution system used to conduct business in, and through, the City of Winnipeg. This amount represents a fraction of the amount that would be levied if Manitoba Hydro's distribution systems were assessed at current market values.

Other Canadian provinces and cities deal with the issue of taxing hydroelectric personal property in either one of two manners; a tax paid on the percentage of the utility's gross revenue or a tax paid on the cost value of the distribution system (replacement cost new less depreciation). If either of these two methodologies were used for the assessment/taxation of Manitoba Hydro's hydroelectric distribution system located in Winnipeg, the amount of revenue collected from this source would be significantly greater than the current amount. This would result in a more equitable tax treatment of this property type in relation to all other properties assessed at current market value and would provide Council the opportunity to recognize this additional revenue in the budget process.

It should be noted that Manitoba Hydro provides the distribution of natural gas in the City of Winnipeg (Centra Gas). The gas distribution system is assessed at market value and is classified as Other property and taxed at the current municipal mill rate. This resulted in approximately $3.4 million of 2002 municipal taxation revenue for their gas distribution system.

Comparison of 2002 Municipal Taxes
Hydroelectric Companies in Calgary, Edmonton and Winnipeg
(in million of dollars)

	Calgary ENMAX	Edmonton EPCOR	Manitoba Manitoba Hydro***
Realty	included in franchise fee	$0.8	$1.5
Linear Property	**included in franchise fee**	**$5.2**	**$0.07**
Business	included in franchise fee	$0.3	$0.4
Franchise fee	**$60***	**$32.0****	**na**
Dividend payment	$35	$100.5	$25.0
Total	**$95**	**$138.8**	**$27**

* Calgary's franchise fee is based on 10% of gross revenue and is intended as payment for access to the public Right of Way and as a payment-in-lieu of all property and business taxes. The Province invoices the City a school tax amount for the real and linear property owned by ENMAX. This is estimated at an additional $10 million for 2002.

** Edmonton's franchise fee amount is being confirmed, including the basis and description of the levies included in the fee. The $32 million amount includes a fee for EPCOR's sanitary sewer utility component and is therefore an overstatement of the electrical component.

*** Manitoba Hydro amounts include Winnipeg Hydro properties and the first year of the agreed dividend payment of $25 million. Although the municipal tax on the $1.2 million assessment of Manitoba Hydro's distribution system would result in $23,000, Hydro pays an annual amount of $69,303.11 due to an Order In Council. This fixed payment amount has remained unchanged since 1961.

The *Task Force* recommends that appropriate amendments be made to the *Municipal Assessment Act* and the *City of Winnipeg Act* that provide for a fair and equitable taxation and assessment treatment of utility companies that is applied equally and consistently across the entire province (Refer to APPENDIX E).

> MTS – The taxation of telephone distribution infrastructure (personal property) is based on a "fixed assessment" that was established by Provincial Legislation many years ago, when the Manitoba Telephone System was a Crown Corporation. This is no longer the case. MTS is now a private corporation known as Manitoba Telecom Services. The telephone distribution infrastructure has an assessed value of $1.2 million, which represents a token percentage of the true value of the distribution system used by Manitoba Telecom Services to carry on business in Winnipeg. The property taxes generated by this outdated Provincial legislation represent only a small portion of the taxes the City would receive if the legislation were revised to reflect existing market value. MTS is not paying its fair share of taxes. This is clearly one of the reasons why residential property taxes in Winnipeg are higher than exist in other jurisdictions across Canada. Equity is an essential parameter that must exist in any assessment system. Equity within as well as between property classifications, is critical to ensure all property owners pay their fair share. Due to outdated legislation, this is not the case in Winnipeg.

Other Jurisdictions:

The *Task Force* is of the opinion that MTS and other telecommunications companies should pay taxes on the market value of its distribution infrastructure, as occurs in other provinces across Canada. The norm in other jurisdictions is based on a percentage of the utility company's Gross Revenue. This is considered the most reasonable method of assessing the market value of the personal property of utility companies within other jurisdictions in Canada.

British Columbia = 1% of gross revenue
Nova Scotia = 4% of gross revenue
Ontario = 5% of gross revenue

Comparison of 2002 Municipal Taxes Telephone Companies in Calgary and Winnipeg

(in millions of Dollars)

	Telus	MTS	Variance
Realty	1.1	.78	.32
Linear Property	**5.4**	**.02**	**5.38**
Business	1.0	.35	.65
Total	**7.5**	**1.15**	**6.35**

If MTS was assessed on its linear property similar to Telus in Calgary, the City of Winnipeg would receive millions of dollars more in property taxes.

6. Railway Assessments:

Currently the Provincial Legislation requires that the land component of Railway Right-of-Way (ROW) be valued at the average land value in the municipality. In rural municipalities where the ROW consists of single line across primarily farm land, this method may be fair to all the taxpayers. In the case of a major municipality such as Winnipeg where prime commercial and industrial lands are occupied by multiple lines this approach is less equitable.

A more equitable approach would be to value each section of ROW based on the value of land in the immediate vicinity, on the premise that this would be the alternative use of the ROW if the railway did not exist.

As with telecommunications companies, the *Task Force* is of the opinion that railway infrastructure should be taxed at fair market value. All private sector business interests should be placed on a level playing field when it comes to realty taxation. The legislation that presently exists requires updating to reflect the fair market value of roadway property owned by the railways.

7. Property Tax Exemptions and the Centennial Projects Tax Status Act:

In addition to being responsible for the valuation of property and the defence of those values, the City Assessor is also charged with administering the exemptions from property taxation and assessment spelled out within various Acts. The exemptions contained in the legislation are primarily controlled by the Province but the loss of revenue impacts the operating costs of the related municipalities and school divisions. The exception to this general rule is when an exemption to school taxation exists the City can pass a bylaw to exempt the property owner from the municipal portion of the taxes as well.

It is an accepted premise in all taxing legislation that it is important to be able to measure that which you have decided not to collect so that the cost of the exemption or to be more clear, how much of the taxation burden is being transferred to the balance of the taxpayers. If property is exempt from assessment, this system check is nullified. This is exactly the situation that exists with "The Centennial Projects Tax Status Act". There is no way to quantify therefore how much those taxpayers that do not take advantage of the facilities listed in that Act subsidize those that do.

To ensure that all properties in the City are treated fairly and to ensure tax equity between all property classes, *the Task Force* recommends that all properties within the City of Winnipeg be assessed at market value and that only the City be allowed to determine whether a property within its jurisdiction is tax exempt. The *Task Force* further recommends that "The Centennial Projects Tax Status Act" should be eliminated from the legislation.

8. Equity Adjustment

The current legislation requires the assessor to go through the appeal process to adjust values on the Assessment Roll between reassessments unless there is a physical change to the property or there has been an error or omission in the Roll. This means that the City Assessor must certify as correct an Assessment Roll that he feels may be flawed. In other jurisdictions assessors have the authority to make these "equity adjustments" between General Assessments without the need to clutter the costly appeal process with administrative issues.

The *Task Force* recommends that the City Assessor be empowered to change individual assessments between General Assessments, under circumstances where both the Assessor and the property owner agree that there is a mistake as to fact, in order to have more accurate and equitable assessments as a whole and to eliminate unnecessary appeals.

A similar process can be used to empower the assessor to change assessments during a preview or reconsideration process when the assessor and taxpayer agree to a revised value.

The *Task Force* recommends that the City Assessor be allowed to amend the realty roll as the result of a preview or reconsideration period involving agreement between the assessor and property owner after the roll has closed.

9. Assessment Cycle

Presently the Provincial legislation requires that General Assessments be conducted every four years. The Reference Year or the year on which the values are based, is the year following the last General Assessment. The most recent General Assessment was returned for taxation in 2002 and the Reference Year is 1999. The four-year cycle means that this 1999 Reference Year will be used up to 2005. This means that at a minimum the values being used for assessment purposes are three years out of date and at the end of the cycle they are six years out of date.

Two of the key criteria for a good property taxation system are transparency and ease of understanding for the average taxpayer. Current or Market Value Assessment systems are considered to meet these criteria when the Reference Year is close to the Assessment Roll year. This is not the case in Manitoba.

The real estate market that the assessor is attempting to emulate in the assessment process changes over time. The value changes in any one-year are usually minor but when a number of years of market growth or decline are captured in a reassessment significant shifts in taxes can result. Property owners who could handle minor shifts in taxation on an annual basis often find themselves dealing with increases in property taxes that are difficult to cope with. These "spikes" and "valleys" in taxes themselves start to impact the viability of some operations.

The *Task Force* recommends shortening the assessment cycle to one or two years and further recommends that the reduction in the cycle be phased in starting with the General Assessment being returned in 2005. Following that a two-year cycle would result in a 2007 General Assessment. At that time a cost-benefit analysis would be conducted to determine the feasibility of a one-year cycle.

The *Task Force* also recommends that the Reference Year be in closer proximity to the Assessment Year. It is recommended that, by the time of the 2007 General Assessment mentioned above, the Reference Date be January 1, 2006.

10. Business Assessment Methodology

The Property Assessment Department in Winnipeg is also responsible for the Business Assessment system outlined in *The City of Winnipeg Act*. The valuation methodology required in the Act does not relate to the valuation process used for realty assessment purposes. The Annual Rental Value described in *The City of Winnipeg Act* is based on the premise of gross leases which was prominent when the legislation was originally written. The current norm in leasing does not support this so when a business owner gets a bill with an Annual Rental Value (ARV) that rental usually exceeds the actual net rents being paid. This results in appeal activity which is based on confusion rather than problems with the Business Assessment values.

Since there is no relationship between the realty and business assessments there are two separate and distinct appeal processes required. This adds to the costs of the assessment system which must be born by all taxpayers.

The *Task Force* recommends that *The City of Winnipeg Act* be revised to incorporate a change in the methodology used to determine business assessment. Rather than establishing an annual rental value, the revised legislation should utilize a percentage of value occupied as contained in the Realty Assessment Roll. This would result in the Realty and Business Assessment Rolls completed as part of a single process, including appeals.

11. Single Assessment Authority

The *Task Force* members have had experience with both Assessment jurisdictions in the Province and have observed that the improvements made within the City of Winnipeg Assessment Department have resulted in assessments which are more reflective of market value than the processes being used outside of the city. The Committee has also observed that where School Board boundaries extend beyond the City, properties which sold for similar amounts to properties in the City pay significantly lower school taxes.

Property Assessment is highly technical and complex as one would expect from the largest generator of taxes in the Province. If the Assessment function is going to operate properly a highly trained professional staff following modern processes, using appropriate technology and managed consistently is essential. The Committee questions if this is possible under the dual administrative process.

Two Assessment Authorities in the Province means duplication in administration, technology, legal support, etc. The Committee questions if this duplication of costs is warranted in a Province like Manitoba when much larger jurisdictions like British Columbia and Ontario operate successfully with one.

The *Task Force* has reviewed various Assessment administrative alternatives and has concluded that a province–wide organization with an arms-length relationship with government is the preferred model to establish equity for all taxpayers in the Province.

The *Task Force* recommends that an outside consultant consider the establishment of an independent province-wide assessment authority for Manitoba, ending unnecessary duplication in a province with such a small population. The processes now being used and/or introduced in the City Property Assessment Department become the basis of operations for this new assessment authority.

4. Appeals Process Findings

A property owner can appeal an assessment based on liability (taxable or exempt property) or value. Initially the appeal is made to the Board of Revision. If the appellant is not satisfied with the decision he/she has a 21day window to file an appeal with the Municipal Board.

a) *Board of Revision*

Structure

Rather than maintaining a structure where the same individuals hear all types of appeals, the ***Task Force* recommends that a two tier Board be established with members that specialize in either residential or commercial properties. In this way the residential appeal process can be used to train new Board members and as they gain experience they can be moved to more complex appeals.** This may require different qualifications for different members of the Board. For example, most Assessment Tribunals have a member of the legal community in a leadership role. By paying a higher remuneration, the Board of Revision would attract individuals of a higher caliber, which would result in decisions that would evoke better public confidence. This would minimize the number of appeals to the Municipal Board, and would result in a more efficient appeals process.

Size

Presently the Board of Revision is comprised of panels, each of which contains three individuals. **For low-density residential appeals, the *Task Force* recommends that these panels be reduced to one person from three.** In so doing, the number of appeals that the Board of Revision could handle would triple with the existing numbers. If there were 6 one person panels, appeals could be handled in a very efficient manner.

Transparency

The Board of Revision process should be **more transparent**. To accomplish this objective, ***the Task Force* recommends full disclosure of all information by both parties at least 14 days prior to the commercial appeal.** This policy exists in Alberta, where it has proven very successful.

The Board should also be required to justify all decisions. The Board of Revision does not presently give reasons for its decisions. The current notification simply indicates what assessed value that has been arrived at without any explanation. This lack of reasons leads to appeals to the Municipal Boards since neither party understands how the value was arrived at by the Board. **The *Task Force* recommends that it become mandatory for the Board of Revision to provide reasons for its decisions either verbally at the hearing or failing that, in writing prior to the end of the legislative appeal timeframe being recommended by this *Task Force*.**

Appointment Process:

Appointments to the Board of Revision are presently handled by Executive Policy Committee. The qualifications of potential members are extremely important and to date, the majority of members chosen by EPC have met the needs of the current system. Based on the above recommendations to revise the size and structure of the board as well as significant changes to the legislation around valuation parameters, it is **recommended that the chair establish standards for performance and evaluate his Board members on an annual basis to ensure that they meet the requirements**.

In choosing Board members, preference should be given to individuals with a background in law, mediation, appraisal, real estate, or assessment. There exists a perception that Board Members currently active in the Appraisal and Real Estate professions may be biased in their decision making since they rely on the City or the major property owners who appeal their assessed values for employment. **The *Task Force* recommends that this factor be considered by EPC when considering appointments to the Board since this perception taints the integrity of the process.**

Mandate:

The Board of Revision's mandate is to hear property assessment appeals and determine the outcome of these appeals in an efficient and timely manner.

Training:

The current Chair of the Board of Revision has introduced a three-level training program for Board members and developed a training manual with information on legislation and the valuation and appeals process. **The *Task Force* would like to acknowledge the excellent work carried out by the Chair and recommends that the existing training program he has developed be documented and become part of the standard procedures for the Board in the future.**

Tools / Legislation:

Currently the goal of the Board of Revision is to hear all assessment appeals prior to Tax Bill Update. This means that when the Assessment Roll is returned at the end of May, the Board has until mid-March of the following year to process appeals. The Committee's investigations have led it to the conclusion that this is an excessive amount of time for appeals at this preliminary level. In British Columbia, all appeals are heard in a six week period.

The Task Force believes that all appeals at the Board of Revision should be heard within a legislative time period such as is done in British Columbia and Alberta. The *Task Force* recommends that the time period be September 1 through November 30.

Methodology and Practice:

The ***Task Force*** **recommends the following process and time frame regarding finalization of the Property Assessment Roll in the City of Winnipeg.** The City would prepare the values and issue notices as of May 31 of the year prior to the tax year. The Property Assessment Department Reconsideration Period and filing of appeals with the Board of Revision would occur from June 1 – August 31. This Reconsideration Period would allow the assessor to amend the Roll without the need for formal appeal in those instances when the Department and Taxpayer can arrive at an agreed upon appropriate assessment. Board of Revision hearings would then take place over a three-month period, from September 1 – November 30. During the month of December, administration of and final amendments to the Realty Assessment Roll would occur and on December 31 the Roll would close and be certified. This would mean that the roll as revised by the appeal process would be the same as that used by the Province's Education Finance Branch when calculating support levels. This has been an ongoing concern within the Province.

The ***Task Force*** **further recommends that high value assessment appeals be prioritized at the front end of the appeal process.** Based on the fact that refunds are subject to a high rate of interest, such appeals would no longer be delayed. In so doing, the City would minimize the cost of successful high value appeals.

b) *Municipal Board*

Size:

The number of Board members ranges from 25-35 individuals.

Structure:

The Municipal Board is comprised of a Chairperson, a Vice-Chair and members of the Board.

Originally the *Task Force* considered the possibility of a single appeal authority. It appeared that certain appellants were using the Board of Revision as a sounding board for their final appeal before the Municipal Board. However, upon serious deliberation, they came to the conclusion that it was necessary to have the higher appeal board that is dedicated to hearing Assessment Appeals.

Mandate:

When dealing with Assessment issues, the Municipal Board hears property assessment appeals from decisions of the Board of Revision. Land use management decisions related to zoning and money borrowing bylaws review outside the City of Winnipeg also fall under the jurisdiction of the Municipal Board.

The *Task* Force prefers the model presently in existence in British Columbia and similar to that in Ontario. That is, a tribunal established to deal solely with Assessment Appeals.

The *Task Force* recommends that rather than a panel from the Municipal Board hearing assessment appeals, a Property Assessment Appeal Board such as the one that exists in British Columbia be established. Unlike the Municipal Board, this revised structure would focus specifically on assessment appeals, which would enable the appeals process to be handled more efficiently.

Appointment process:

Board members are appointed through the Province by order in council.

Training:

New members receive in-house training.

Tools / Legislation:

The Municipal Board handles fifteen different statutes, 80% of workload falls under the Municipal Assessment Act. The Provincial Planning Act, the Water Rights Act, and the Municipal Act also fall under the jurisdiction of the Board.

Methodology and Practice:

The Board is governed by the "Municipal Board Assessment Appeal Rules of Procedure" located in the Municipal Assessment Act.

The *Task Force* was impressed with the appeals management processes utilized by the British Columbia Property Assessment Appeals Board. It is our understanding that the mediation process used has resulted in only 10% of appeals at this second stage going to hearing. It is also our understanding that this has reduced the cost of administering the overall Property Assessment Process and resulted in the earlier resolution of issues.

The *Task Force* recommends that an appeals resolution process similar to that being used by the British Columbia Property Assessment Appeals Board be instituted by the Manitoba Municipal Board or its replacement to expedite the appeal process.

5. Taxation

a) *Transparency of process*: *Assessment is not synonymous with taxation.*

Property Taxation System

Assessors are responsible for administering the basis of the ad valorem taxation system with their primary responsibility being the identification and valuation of all property. The ad valorem tax is based on the principle that the amount of tax paid should depend on the value of the property owned. The assessed values used for taxation purposes should be accurate so that the tax burden will be distributed fairly and the public will have confidence in all matters dealing with municipal taxation administration.

There are two fundamental principles upon which the taxation of real property relies. These are the principle of benefits received and the principle of ability to pay.

The principle of benefits received states that a tax levied on the owners of real property is justified because of the benefits accruing to the property owner as a result of services provided by the local government. These include such services as water, sewer, solid waste removal, roads, bridges, police and fire protection. It can be argued that because these services directly benefit the property owner, the property owner should pay for these services. Although under this principle others argue that the property tax should only be used to finance land related services, not people related services, it is generally understood that our taxation system must provide a relationship between the taxes paid and benefits received.

The second principle states that the taxpayer should pay taxes based on their ability to pay. The ad valorem taxation system assumes that the value of the property owned is a proxy of the owner's ability to pay. As such, the property tax is considered a wealth tax where one's wealth is determined by the value of their real property. Those who own higher valued property would pay higher property taxes.

Although the taxation system used in the City of Winnipeg is considered an ad valorem tax, there are several reasons why the public considers it confusing and inequitable. The success or failure of our taxation system can be measured against the above two principles.

The fundamental building block of the ad valorem tax system rests with current property values being used to strike a property tax rate. Property values should be current to provide the owner a reasonable measure and confidence level that they are paying their fair share of municipal services. The assessed property values should reflect current market values and must be updated frequently to recognize sometimes rapid, uneven changes in property values between and within property classes. Without providing this yardstick for the property owner to measure equitable payment for benefits received, the taxation system becomes viewed as unfair, confusing and unable to deliver on its primary purpose.

In the City of Winnipeg reassessments are performed only once every four years, with the market value being 3 years prior to the date of reassessment. This results in property taxes being based on real property value ranging from 3 to 6 years prior to the year of taxation. Given this significant time gap, taxes being demanded can be based on the assessed value of property that may be significantly lower or higher than the current market value of the property. This may result in the taxpayer either paying more or less than their fair share of the municipal tax thereby causing confusion and possibly instilling distrust in the entire ad valorem taxation system.

The two ad valorem taxation principles of benefits received and ability to pay are based on the tax rate being struck and applied to the full value of the real property, not some lesser or revised amount. The legislative authority of provincial and municipal governments to adopt taxation policy sometimes runs contrary to this intent thereby causing the entire taxation process to become confusing and distrusted. In Manitoba, the taxation levy for a property is not based on the property's assessed value, but on a portion of the assessment, based on provincial legislation. Known as portion percentages, these amounts have changed over the last 12 years where the current range for the 10 property classes is between 10 and 65 percent. This has resulted in property owners' taxes changing not because of a change in the assessed value, but because of a change in the portion percentages. It thereby becomes difficult to justify the principle of benefits received and ability to pay when an increase in taxation is not based on an increase in the property value nor additional services provided to the property.

Legislated Portioned Percentage

Assessments are taxed based on the following classes and portioned percentage:

Residential	45%
Residential Multifamily	45%
Residential Condo	45%
Farm	26%
Institutional	65%
Pipeline	50%
Railway	25%
Other	65%
Designated Recreational	10%
Designated Higher Education	52%

Taxation Revenue

"Realty Roll" revenue is based on the individual portioned assessment multiplied by the tax (mill) rate. The product of these two variables is the tax levy.

Recommendations:

- **Reassessments should be performed every two years and at current market values.**
- **Portioned values for taxation purposes should be replaced by a tax rate applied by property class to the property's total assessed value**

b) *Other Issues*

Exemptions

The Property Assessment Department administers the classification of all real property and businesses for taxation purposes. This includes the identification of real property as:

- Fully taxable
- Exempt but subject to a full grant-in-lieu of taxes
- Exempt but subject to a grant for municipal taxes only
- Exempt from school taxes
- Fully exempt

The department also classifies businesses on the Business Assessment Roll as either:

- Fully taxable
- Exempt but subject to a grant-in-lieu of taxes
- Fully exempt

The criteria for determining the exempt status of real property are contained in various City, Provincial or Federal Legislation, with the majority of exemption criteria being contained in the Municipal Assessment Act. An overview identifying the procedure to follow regarding an inquiry on property and business tax exemption is contained in APPENDIX L.

Property tax exemptions result in a significant draw on City resources. The 1999 Realty Assessment Roll identifies $1.4 billion of fully exempt properties. Of this group, the largest single property owner is the City of Winnipeg with approximately 35% of the assessed value. The remaining 65% contains property owned by school divisions, hospitals and churches with 28%, 11% and 9% of the total respectively.

If all property were liable to pay the 1999 municipal tax, $47.8 million of revenue would have been collected for exempt properties. Of this total, $16.8 million is for City of Winnipeg owned properties and $31.0 million for non-city owned properties. A detailed breakdown of the 1999 assessed value and potential municipal tax for exempt properties is provided in the table contained in APPENDIX K. As the total exempt value has remained relatively stable since 1999, by applying the percentage of non-city owned exempt properties (65%) to the 2002 exempt municipal tax total of $45.9 million, the estimated 2002 non-city owned share would be $30 million.

It should be noted that Council has the authority to adopt a by-law to exempt properties from municipal taxation where that property receives an exemption from school taxes. Council has exercised this authority only once, for those properties owned by the Canadian Legions.

Organizations Requesting Exemptions

It should be noted that currently most inquiries regarding exemptions from taxation will be from:

- Religious Organizations
- Day Cares
- Seniors Housing
- City leasing property to tenants (e.g. Minor Hockey Associations)
- City leasing property from a property owner (e.g. School Divisions)

Common Exemption Examples

The common exemptions that have been included are as follows:

- Federal Government
- Provincial Government
- Religious Organization
- Day Care Center
- Veterans Association
- Personal Care Home
- Senior Housing
- Curling Club
- Community Organization
- Ethnic-Cultural Organization

Note: Refer to Appendix I and Appendix J for documentation on "Property Code Classification for Tax Purposes" and "Guidelines for Exemption".

Recommendations

The *Task Force* recommends that all properties should be assessed. It further identifies that only the level of government affected should have the authority to exempt properties from taxation. Based on the existing system of exempting certain properties from realty taxation, a substantial percentage of property owners are paying more than their fair share. In order to bring property taxes in line with other major cities in Canada, Winnipeg must ensure an equitable distribution of the City's tax base. The more tax exemptions that exist, the greater the offloading to other classes of property.

Council has recognized this problem in the past and has taken the following policy position:

- "That where the Provincial Government decides entirely at its own discretion that an exemption from municipal property taxation is warranted, the resulting tax loss to the City should be fully offset by provincially funded grants to the City; and
- where the Federal Government decides entirely at its own discretion that an exemption from municipal property taxation is warranted, the resulting tax revenue loss to the City should be fully offset by federally funded grants to the City."

c) *School Tax*

In compliance with The Public Schools Act, Council is required to fix and impose taxes sufficient to meet that portion of the cost of education required to be raised through levies on assessable property within the City of Winnipeg. The amounts required to be raised by Council include the City's share of the Province's Education Support Program, and the additional requirements of the eleven school divisions which serve Winnipeg – such additional requirements ("special levies") representing portions of their costs which have been determined to be entirely the City's responsibility to collect. That is, those parts of a school division's expenditures which do not qualify for Provincial government assistance under its province-wide support program.

Property taxes for school levies in Winnipeg will total $414 million in 2002, which is $19 million or 4.7% more than in 2001. The Provincial Levy payable to the Public Schools Finance Boards equaled $125 million. The City's eleven School Divisions' Special Levy requirements total $289 million, an increase of $21 million or 7.9% and range from a 4.1% increase in the Transcona-Springfield School Division, to a 11.5% increase in the St. James-Assiniboia School Division (excludes a 1.1% decrease in the Interlake School Division). Refer to APPENDIX F.

It is important to note that since 1995 the municipal share/ratio of the total mill rate (municipal and combined school and education support levy) for Residential property has been steadily decreasing across all school divisions. Overall the municipal ratio ranges from a high of 55% to a low of 47%. In other words, the City's share of the total property tax bill has been declining and the combined school tax bill has been increasing for the last seven years. It is therefore quite evident why property taxes in Winnipeg are extremely difficult to hold down. The answer is clearly related to school taxes.

An analysis was prepared by the City's Taxation and Revenue Branch for the Fiscal Issues Committee of Council, identifying the amount of Provincial Education Support Levy collected from taxpayers in the City of Winnipeg and how much of this amount was returned by the Province to the same taxpayers. The source document used to collect the data was the Frame Report 1999/2000 Budget, Manitoba Education and Training. The analysis may be found in APPENDIX G of this report.

Upon reviewing the **"1999 Provincial Comparison of Funding Sources for Education"** it becomes evident that Manitoba is the second highest province (next to Saskatchewan) in Canada relative to the total portion of school funding raised from property taxation. The percentage of education funded through property taxes in Manitoba has increased to 51%. The table in Appendix G identifies that in 1999, 49% of Manitoba's contribution to the cost of education was based on general revenue. The other provinces ranged from 38% in Saskatchewan to 100% in five other provinces and territories. The total provincial share of the cost of education in Manitoba was 66% in 1999, relative to 100% in British Columbia, Ontario, New Brunswick, P.E.I., Newfoundland, Yukon Territory and Nunavut. Alberta's share was 95% and Quebec was 77% of the total provincial share. (Refer to APPENDIX H).

Assessment Appeals: Impact on Other Jurisdictions

When assessment appeals are upheld in any one jurisdiction, the impact is redistributed throughout the entire base. The jurisdiction in which the amendment has occurred is either subsidizing or being subsidized by the other jurisdictions. As the City is liable for assessment appeals that have been upheld within its jurisdiction, it is required to return the school taxes, as well as the property taxes, even though the school tax revenue was collected for the Public Schools Finance Board and the school divisions, neither of which fall within the jurisdiction of City Council. This has a very negative impact on municipal resources, particularly when property assessments have been overestimated on high value commercial property. If the City was not required to collect school taxes for other jurisdictions, they would not be liable for returning taxes that it never received in the first place.

School Funding and Property Taxation

The *Task Force* is firmly against the use of property taxation to fund the cost of education in Manitoba. Based on the previous information and analysis, it is evident that Manitoba is clearly in the minority regarding its extensive use of property taxes to generate revenue to cover the cost of education in this province. Based on precedent set across Canada, the *Task Force* strongly recommends the use of Provincial General Revenue to support education funding. By eliminating the City's requirement to collect school taxes, property taxation in Winnipeg would become competitive with other Canadian cities.

The ***Task Force*** is not alone in its view that the property tax base should not be used to support education funding. A 2001 report of the "**Association of Manitoba Municipalities Task Force on Education Funding"** has suggested that the property tax base be used to fund education funding to a maximum of 20% of the requirement.

6. Conclusions

Immediate Changes

1) *Principles*

The Property Assessment Department has adopted a set of fundamental principles to guide the delivery of services to the citizens of Winnipeg. These are known as the FOUD principles - **Fair, Open, Understandable and Defensible.**

Assessment Department staff must work to develop a shared understanding of the FOUD principles and actively integrate them into decision-making and actions. All staff have the capacity to speak to how the actions of the Department reflect the FOUD principles.

2) *Assessment Bodies*

a) Single Independent Assessment Authority

For the sake of efficiency and effectiveness, the outside consultant should consider the establishment of an independent province-wide assessment authority for Manitoba, ending unnecessary duplication in a province with such a small population. By establishing one independent authority, the Province would help to minimize the financial risk to the City related to successful assessment appeals that result in refunds.

b) Board of Revision

The Board of Revision should become more flexible, efficient and transparent. Panel size should be flexible in order to increase the number of appeals that the Board can handle. One person panels made up of highly qualified individuals that are capable of specializing in commercial or residential appeals, could hear single-family residential appeals to make the system more effective and efficient than presently exists. To make the Board more transparent, full disclosure of all information should take place prior to the appeal. Legislation is required to have all parties submit written submissions at least 14 days prior to a scheduled commercial appeal hearing. The time frame related to closing the Property Assessment Roll should be reduced. Assessment notices would be issued by May 31, and the process related to property assessment review would be finalized by year-end. Reasons for decisions should be either provided in oral or written form.

c) Municipal Board

In order to make the process more efficient, the structure of the Municipal Board should be revised to reflect an "Assessment Appeal Board" comparable to the one in British Columbia. This Board would hear only property assessment appeals. For the sake of consistency, a single "Assessment Appeal Board" should be established for the entire Province of Manitoba. A pre-trial mediation process should be established to narrow the issues in dispute, speed up the appeal process and reduce appeal costs for all participants in the process.

3) Process

All properties within the City's jurisdiction should be assessed at current market value. To help accomplish this objective, the assessment cycle should be reduced from 4 to 2 years. In order to minimize the cost associated with this reduction it should be staged one year at a time. Winnipeg's real estate market is stable and is not subject to substantial swings in value, such as occur in Toronto, Calgary and Vancouver. As such, a 1-year assessment cycle is probably unnecessary. A 2-year cycle would be less expensive to administer and still retain the legislative requirement to assess all property at existing market value.

4) Other Issues

a) Taxation

- Portioned values for taxation purposes should be replaced by a tax rate applied by property class to the property's total assessed value.

- The assessment pre-view process should be expanded to include all commercial properties, in order to minimize the potential risk associated with high value commercial assessment appeals.

- The cost of education should not be funded through property taxation but should be obtained from Provincial general revenue.

b) Exemptions

City Council should be the only authority allowed to exempt properties from taxation within its jurisdiction.

The *Task Force* endorses City Council's adopted policy regarding property tax exemptions and recommends that the senior levels of government acknowledge, as well as adopt this same policy, which appears as follows:

- "That where the Provincial Government decides entirely at its own discretion that an exemption from municipal property taxation is warranted, the resulting tax loss to the City should be fully offset by provincially funded grants to the City; and

- where the Federal Government decides entirely at its own discretion that an exemption from municipal property taxation is warranted, the resulting tax revenue loss to the City should be fully offset by federally funded grants to the City."

7. Appendices

☐	APPENDIX A	1996 Property Tax Assessment Inquiry: Key Recommendations
☐	APPENDIX B	*Audit Report* Summary
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☐	APPENDIX F	2002 School Tax Levies and Mill Rates
☐	APPENDIX G	Provincial Education Support Levy Collected from and Percentage Returned to Winnipeg Taxpayers
☐	APPENDIX H	1999 Comparison of Funding Sources for Education
☐	APPENDIX I	Property Code Classification for Exempt Tax Purposes
☐	APPENDIX J	Guidelines for Exemption
☐	APPENDIX K	1999 Exempt Taxes
☐	APPENDIX L	Tax Exemption (Liability Procedure)
☐	APPENDIX M	Centennial Projects Tax Status Act – Property Listing
☐	APPENDIX N	The Municipal Board of Manitoba Order - Fort Garry Hotel

APPENDIX A –
1996 Property Tax Assessment Inquiry: Key Recommendations

1996 Property Tax Assessment Inquiry: Key Recommendations:

The *Scurfield Report* was prepared in 1996 on behalf of the City of Winnipeg Property Tax Assessment Inquiry. Key recommendations of the report stated:

"Cultural changes must be undertaken. Fundamental to these changes is that the City of Winnipeg employs a strong management team in whom it reposes trust and confidence. Elected officials must demonstrate confidence in administrators by giving them the latitude to make business decisions within defined areas of discretion. Council must be seen to support the obligation of administrators to make recommendations, which are not consistent necessarily with the political will of Council.

At this juncture, I am not persuaded that the Assessment Department of the City of Winnipeg is sufficiently prepared to deliver a 1997 assessment roll of the quality which it expects and the public demands. Moreover, I am cognizant of the fact that the recommendations which I propose cannot be implemented overnight. As such, I recommend:

1. That **the 1997 general assessment be postponed** and that the City Assessor next be required to complete a general assessment and deliver the resulting assessment roll to the City of Winnipeg no later than September 30, 1998.

2. **A new City Assessor should be appointed from outside the Assessment Department**. The new department head must be a strong leader capable of implementing action plans and presiding over fundamental change.

3. **Consideration should be given to restructuring the existing administrative framework so that the Assessment Department and Corporate Finance become divisions of one consolidated department**. The liaison between the two departments and better communication with the related Departments of Law and Audit, should be ensured by re-instituting the position of Commissioner of Finance and Administration at least on a temporary basis until the problem is demonstrably under control.

4. **Leadership must place more focus on action and learn to move out of the idea stage more quickly.** Isolationism of individual departments should be eliminated. Department heads should not be concerned solely with the appearance of their own department, but rather with how the performance of their department impacts on the City of Winnipeg as a whole. Critical thinking must replace reliance. Territorial behavior must be rejected in favour of the acceptance of constructive criticism from outside a department.

APPENDIX A –
1996 Property Tax Assessment Inquiry: Key Recommendations (cont'd)

5. **The Assessment Department must improve the training and education of its existing staff in order to better utilize their capabilities.** Requirements for employment with the Assessment Department must be upgraded in order to ensure that new employees are capable of performing the sophisticated tasks required in a market value assessment system. This will involve a partnership style initiative with the unions.

6. **City Council should appoint members to the Board of Revision on a staggered basis and in accordance with a procedure similar to that utilized by the Province to appoint Provincial Judges.**

7. **The right to appeal against the assessment of residential property should be limited to a hearing before the Board of Revision.** The presently existing right to appeal a Board of Revision residential decision to The Municipal Board should be eliminated.

8. **The Board of Revision should establish a Commercial Division staffed with individuals who are familiar with commercial valuation principles.**

9. **A specialized appeals branch of the Assessment Department should be reinstated.**

10. **The Assessment Department should give serious consideration to retaining outside professional help to assist it in performing a high quality assessment in 1998.**

11. **Measures must be implemented to ensure that the Assessment Department treats the taxpayer as a client and not as an adversary.**

If, these changes can not be implemented there are but two alternatives:

- establish a single, independent assessment authority under provincial jurisdiction, or
- contract out the assessment function"

APPENDIX B –
Audit Report Summary

Key observations and recommendations

"The past: The Scurfield Report recommendations

With respect to the recommendations made in the Scurfield Report, the majority have been implemented or are in the planning stage. For example, there have been changes in organization with the appointment of a new City Assessor in 1997 and the reporting of both the Property Assessment Department and Corporate Finance Department to the Chief Financial Officer to enhance cooperation and improve control. Several new initiatives have been implemented, such as the preview program for residential properties, the use of Advisory Groups and technical experts to strengthen the assessment process, and the creation of a multi-departmental appeals task force. In addition, the Board of Revision has lengthened the tenure of its members, improved its training programs and designated certain members to hear the more complex non-residential appeals. Legislative changes have also been made. While challenges are still outstanding, the City is to be commended on the progress made to date.

The present: The 2002 general assessment

Several successful strategies were employed by the Property Assessment Department to mitigate the risks associated with the assessment of residential properties. At the same time, the audit was not as confident about the success of actions taken with respect to commercial property valuation.

Residential appeals have been reduced by 50% over the last general assessment. Non-residential appeals, however, have increased slightly reflecting the higher level of concern about the quality of valuations.

In assessing the risks associated with the appeals process, there were several successful strategies implemented that were designed to manage risks associated with providing a fair, transparent and effective process with appropriate recognition for potential financial losses. However, potential risks that are associated with a delay in the commencement of hearing commercial appeals and the absence of providing a rationale for decisions made by the Board, have not been resolved.

The valuation process

Standards established by the Department, professional organizations and assessment authorities in other jurisdictions, identify key indicators against which to comment on the current performance of the process. These indicators are *quality of assessments, timeliness of information, cost-effectiveness of administration* and *accountability to the community*. Overall the results indicated the relative success of the residential assessment process both in increasing accessibility to the public and in lowering the appeal rate. The results are not as positive for the commercial program. Improving cost-effectiveness should be made a higher priority. Benefits associated with economies of scale, open the door to the consideration of consolidation with the

APPENDIX B –
Audit Report Summary (cont'd)

provincial government. While recognizing the need for continued improvement in current performance, the Department has also identified a number of new business opportunities including the introduction of marketable products and the provision of services to other organizations.

The City's legislative regime impacts on the effectiveness of the performance of the assessment function. While strides have been made in revising legislation, the audit recommended that the Department consider the merits of a transition to more frequent general assessments that is the trend across the country.

The need to improve business planning and risk assessment, update the policy framework and formalize performance reporting was also documented. The challenges faced by the Property Assessment Department in the years since the Scurfield Report have led to a long history of organizational problems which have been exacerbated by the magnitude of change that has been initiated by the current City Assessor.

A formal inspection program combined with clearing the building permit backlog related to residential properties, continues to be a priority. Opportunities to better coordinate building permit activities with the Planning, Property and Development Department through shared inspections and electronic interfaces is presently underway.

For non-residential property valuation, the commercial preview program should be expanded to all commercial property owners.

The appeals process

The audit report selected five indicators to evaluate: *quality of appeal decisions, responsiveness, cost-effectiveness, accountability for decisions* and *potential financial liability*. It was identified that the City has achieved its goal of providing a timely first-level appeals process. Residential appellants also report that the process has been fair from their perspective. And both the Board of Revision and the Property Assessment Department have taken action to ensure that there will not be a repeat of the 1990s debacle where the City was presented with an unanticipated $54 million tax refund and accrued interest liability.

In the past few years, the priority for both the Board of Revision and the Property Assessment Department has been on addressing the timeliness of the conduct of hearings and eliminating the backlog of appeals. In addition, the Board has prided itself on having an accessible and economical process where all citizens can exercise their right to be heard and be treated fairly and courteously. The audit confirmed that the Board members have achieved these goals.

APPENDIX B –
Audit Report Summary (cont'd)

The initiatives implemented by the Assessment Department have led to a dramatic drop in the number of residential appeals and a shift to a larger percentage of the Board of Revision workload being dedicated to commercial appeals. The audit identified that an opportunity exists to better structure the appeals process to capitalize on such initiatives as the preview program and customer website to place a larger onus on the Property Assessment Department, which has the accountability for fair valuations, to resolve complaints and disputes in the first instance. At the same time, the formal Board of Revision process should move from a *one size fits all* approach to recognize the considerable differences in the complexity of matters and significance of value in the types of appeals being considered.

Encouraging and facilitating the informal resolution of as many issues as possible can produce the best result for all parties. Where matters cannot be settled without a formal hearing, adjusting the panel size can reduce the cost of the process without diminishing its value.

Transparent tribunal processes instill public confidence in the justice system and strengthen the confidence of a party in the outcome of the proceeding. Both parties to an appeal should be able to ascertain the board's reasons and logic used in making a decision. This is currently not the case. Provision of a written rationale to support decisions made is an important recommendation.

It was made clear that there is a need to improve the communication and cooperation between the Property Assessment Department and the Board of Revision. It is important for the two parties to support each other in delivering quality service to their joint clients.

The Board of Revision has successfully delivered an efficient process to the citizens of Winnipeg. However, given the importance of the Board, it is time to formally review its strategy, organization and processes. The audit recommended that a structure be put in place to consider both legislative and procedural amendments and discussed suggestions for strengthening the process and making the Board's accountability more transparent."

Audit of the Property Assessment Function

Background

The property assessment process was audited based on the significance of the 2002 general assessment to the City of Winnipeg. The **Audit of the Property Assessment Function** identified…

> "Committee members were also interested in the progress made since the release of the City of Winnipeg Property Tax Assessment Inquiry Report (Scurfield Report) in 1996.

APPENDIX B –
Audit Report Summary (cont'd)

Audit objectives and scope

- ***To determine progress made by the City with respect to the recommendations of the Scurfield Report.***
- ***To assess the extent to which risks associated with the 2002 general assessment have been identified and plans developed and implemented to mitigate significant risks.***
- ***To identify opportunities to improve systems and processes for subsequent assessments.***

Audit conclusions

- ***Significant progress has been made towards implementation of the Scurfield Report recommendations.***
- ***In general, with the exception of certain risks associated with commercial properties, key risks related to the 2002 general assessment were successfully identified and mitigated to a satisfactory level.***
- Opportunities exist for longer-term improvements to the Property Assessment function with respect to both the valuation and appeals processes."

APPENDIX C –
Staffing: Current Minimum Qualifications

The following documentation identifies the current relative to proposed minimum qualifications that exist for assessors.

Staffing – Current Minimum Qualifications

Assessor I
- Grade 12 or equivalent training and experience.
- Post secondary education in related field such as Building Technology at a community college an asset.
- Valid Drivers License.

Assessor II
- Grade 12 or equivalent
- Completion of year I and II of the University of British Columbia course as well as 3 years at the Assessor I level.
- Valid Drivers License

Assessor III
- Grade 12 or equivalent
- 3 years as an Assessor II
- Accredited in Association of Assessing Officer's of Manitoba
- Valid Drivers License

Assessor IV
- Grade 12 or equivalent
- Accredited in Association of Assessing Officer's of Manitoba
- 3 years as Assessor III (automatic promotion based on vacancies and seniority).
- Valid Drivers License

APPENDIX C –
***Staffing: Current Minimum Qualifications* (cont'd)**

Proposed Minimum Qualifications

Field Assistant

- Post secondary degree or Diploma from a University or College.
- Completion of first year of Certificate in Real Property Assessment from the U.B.C.
- Valid Drivers License

Valuation Assistant

- Certificate in Real Property Assessment (U.B.C.)
- Hold the designation of Residential Evaluation Specialist or Certified Residential Appraiser.
- Valid Drivers License

Assessor

- Post Secondary Degree or Diploma from a University or College
- Accreditation from the Assessors Association of Manitoba Designation of Certified Assessment Evaluator or Accredited Appraiser, Commercial and Industrial.

APPENDIX D – *Legislation*

The Municipal Assessment Act

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3 City of Winnipeg

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The Municipal Assessment Act – Regulations

Chapter Number M226

Classification of Property Regulation – Base Regulation 28/90

APPENDIX D – *Legislation* (cont'd)

Portioned Values Regulation – Base Regulation 29/90

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The City of Winnipeg Act

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Report of the Executive Policy Committee dated November 10, 1999

Taxation of Telecommunication Companies File FG-2 (Vol. 9) [c/r GL-5.1 (Vol. 44)]

2. On March 22, 1996, Mayor Susan Thompson wrote to the Minister of Urban Affairs requesting that Section 172(1) and (2) of The City of Winnipeg Act be reviewed to establish the principle of paying grants-in-lieu and to determine what is the best vehicle available to keep values current.

Sections 172(1) and 172(2) of The City of Winnipeg Act provide that a statutory value of $1,200,000 be levied for pipes, wires etc. on Utility Companies' distribution system:

"Utility companies' property
172(1) All pipes, wires, poles, tracks, rails or other property of electric light, telegraph or telephone companies, fixed or placed in a street shall, for the purposes of assessment and taxation, be deemed land, but the assessor shall not value such property nor the engines, boilers, dynamos and other plant used in any power house, generating house or building for generating, transforming or distributing power, or electricity, but shall assess them by entering in the general assessment roll each year the value of the properties to fixed or placed in the streets and the plant in the buildings in the following gross amounts:

a) each company supplying electric light for gain, as a valuation of the electric plant, the sum of $1,200,000;
b) each telephone company, the sum of $1,200,000.

172(2) The property and plant assessed as aforesaid, excepting properties belonging to or held in trust for the Crown, shall be subject to all the general levies and rates to which taxable land in the city is subject, as well as the local improvement rates or special assessments that are made applicable by the provisions of the Act, and may be sold for arrears of taxes in the same manner that real estate in arrears may be sold and become absolutely vested in the purchases, and the taxes accrued on the property shall be a special and first lien and shall have a preference over every other lien, claim or encumbrance."

This applies specifically to Manitoba Telephone System. As a result of the legislation, Manitoba Telephone System pays taxes of approximately $26,000 annually on their distribution infrastructure.

APPENDIX E –
Taxation of Telecommunication Companies (cont'd)

Report of the Executive Policy Committee dated November 10, 1999

In July 1999, the Province of Manitoba introduced, and passed Bill 47, which amended The Municipal Assessment Act. The amendment in essence provided for an exemption from assessment for electric utilities and telecommunications companies for their personal property.

As section 172 of The City of Winnipeg Act deals specifically with the distribution infrastructure of such utilities operating within the City of Winnipeg, Bill 47 does not alter the set assessments for these utilities. However, the personal property of these utilities in the balance of Manitoba is now exempted due to Bill 47.

The City did request the Province, in a letter dated March 22, 1996, to review Section 172 of The City of Winnipeg Act, to establish the principle of paying such grants-in-lieu and to determine what is the best vehicle available to keep values current. To date the Province has not acted on this matter despite the privatization of Manitoba Telephone System.

Section 172 of The City of Winnipeg Act provides a major tax concession to the Manitoba Telephone System which is now a private, for profit company. Bill 47, affecting all other municipalities in Manitoba outside of Winnipeg, provides an even greater tax concession. Manitoba Telephone System has estimated that full taxation of their personal property based on their book value would result in a tax bill of $33.4 Million for the whole Province wide operation. Assuming 50% would be School Tax and assuming 60% of the value is located within Winnipeg, this amounts to $10 Million of Municipal Taxes which should flow to Winnipeg from only Manitoba Telephone System.

In 1998 Manitoba Telephone System recorded gross revenue of $636.2 million. A municipal tax of 3% of gross revenue would generate $19 million for the Province as a whole. Assuming 60% of the revenue is generated within the City of Winnipeg, the City would then realize $11.4 million.

Deregulation and technological changes within the communication industry has resulted in companies like Sprint, A T & T and Cantel who operate in Winnipeg and take profits from the community, but have no lines or poles which could be subject to taxes. However, subjecting these companies to Business Tax is appropriate. All of the Provinces in Canada are reviewing this issue but to date no one has come up with a solution.

Report of the Executive Policy Committee dated November 10, 1999

Other Provinces have dealt in various ways with the issue of taxing and assessing personal property (distribution infrastructure) of the Provincial Telephone Utility. Details are outlined on Appendix "A".

Province	Telephone Utility	Treatment
Newfoundland	Private	exempt
Prince Edward Island	Private	2% of gross revenue of utility
Nova Scotia - Telephone - Hydro	Private	4% of gross revenue of utility 2 ½ % of retail sales
New Brunswick	Private	taxed on replacement cost new less depreciation
Quebec	Private	exempt
Ontario	Private & Public	5% of gross revenue of utility. Revenue retained by the Province in exchange for reduction of education tax.
Saskatchewan	Public	exempt
Alberta	Private	taxed on replacement cost new less depreciation
British Columbia - Municipalities under the *Municipal Act*	Private	taxed on replacement cost new less depreciation.
- All Other Municipalities	Private	1% gross revenue of electricity sales

In reviewing the assessment treatment of Telephone Utility distribution system in other jurisdictions across Canada, it is clear that there is not one consistent treatment. It is also clear that Manitoba (and Winnipeg) lag far behind the majority of provinces in the manner in which personal property for Telephone companies are assessed and taxed. The 3 major treatments can be summarized as follows:

- exempt
- assessment based on cost (variations of cost), application of a tax rate
- taxation based on a percentage of revenue

APPENDIX E –
Taxation of Telecommunication Companies (cont'd)

Report of the Executive Policy Committee dated November 10, 1999

The predominant method is a taxation based on a percentage of revenue. It appears that this form of treatment is growing, however this is not universal. It should be noted that in today's world of technological advancements, especially in the telecommunications industry, there is less reliance on a physical plant or infrastructure. Telecommunications companies today operate in a virtual world where such infrastructure such as lines, towers, and even air time are all rented. A system based on revenue is more open, understandable, equitable, and efficient in dealing with this new technological reality.

The distribution mechanism of how taxes are collected or allocated to individual municipalities on a province wide utility operation also varies. However, generally the utility provides a specific information breakdown for each municipality, and the revenue flows directly to the municipality in which that utility operates. However, there are other distribution mechanisms using assessment roll entries also in use.

It is also clear that there needs to be a high level of cooperation between the utility and the assessment jurisdiction / municipality, as in most provinces the provision of information (whether it be revenues or equipment book costs) is the responsibility of the utility.

Manitoba Telephone System is a privately owned, for profit Corporation. It is entirely fair and equitable that this Company should pay taxes on its distribution systems (lines and poles) in addition to the existing taxes on its real property.

A precedent for the above position would be Centra Gas, which as a private company prior to its sale to Manitoba Hydro, paid taxes on its distribution system (approximately $4 million for Municipal taxes).

Manitoba Telephone System currently pays only $26,000 in Municipal taxes on the legislated value of $1.2 million for its lines and poles. This is only a token payment and fair taxation should generate taxes in the range of $10 million.

Most other Provinces (6 out of 9) allow Municipalities to tax telephone utilities on their lines and poles. The most common form or method of taxation is to charge a percentage of gross revenue. The other form or method is to establish an assessment market value for the lines and poles and apply the normal Municipal Mill Rates to those values.

In summary, it is recommended that the lines and poles belonging to Manitoba Telephone System should be subject to taxes. It is further recommended that the method of taxation be a percentage of gross revenue. The actual percentage will be subject to negotiation, however, the range across Canada is 1% (British Columbia) to 4% (Nova Scotia).

APPENDIX E –
Taxation of Telecommunication Companies (cont'd)

Report of the Executive Policy Committee dated November 10, 1999

Council's approval of all requests for legislative amendments is required. The issue of taxing the personal property of Public Utilities was adopted by Council on July 19, 1999, however, this report focuses on the recommended legislative changes required to permit the taxation of personal property to just the telecommunication companies in Manitoba.

The Executive Policy Committee recommends:

I. That appropriate amendments be made to The Municipal Assessment Act and The City of Winnipeg Act that provide for a fair and equitable taxation and assessment treatment of Telecommunication Companies that is applied equally and consistently across the entire Province.

II. That communications commence with all municipalities, the City of Winnipeg, the affected utilities, and the Province of Manitoba in order to review alternatives and chart a course of action.

III. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

ADOPTED BY COUNCIL
- November 17, 1999

APPENDIX F – *2002 School Tax Levies and Mill Rates*

Report of the Executive Policy Committee dated March 20, 2002

2002 School Tax Levies and Mill Rates

File FL-3 (Vol. 11)

1. The Executive Policy Committee has been advised that, in order to comply with Section 184 of The Public Schools Act, Council is required to fix and impose an Education Support Levy tax. Section 188 similarly requires the fixing and imposition of an Education Special Levy.

Schedules "A" to "G" are pertinent to the subject by-law and include information in comparison with that for prior years.

The amounts required to be raised by Council include the City's share of the Province's Education Support Program, and the additional requirements of the eleven School Divisions which serve Winnipeg. Such additional requirements ("special levies") represent portions of their costs which have been determined to be entirely the City's responsibility to collect, that is, those parts of a school division's expenditures which do not qualify for Provincial government assistance under its province-wide support Program.

Some of the more significant results of the provisions for provincial/municipal sharing of school costs in 2002 as they apply to Winnipeg are as follows:

1. The 2002 school levies in Winnipeg will total $414,139,947, which is $18,735,852 or 4.7% higher than in 2001, as outlined in Schedule "A". School taxes now represent 52.8% of all property taxes collected in Winnipeg, compared to 51.4% in 2001 and 50.1% in 2000.
2. The 2002 Provincial Education Support Levy requirements total $124,744,894, a decrease of $2,567,295 or 2.0%, as outlined in Schedule "A". The levy on Residential property is $53,150,639, representing a decrease of $7,180,818 or 11.9%. This decreased levy requirement corresponds to a 15.7% decrease in the Residential Education Support mill rate. The levy on Other (non-residential) property is $71,594,255, representing an increase of $4,613,523 or 6.9%. This increased levy requirement corresponds to a 4.5% decrease in the Other Education Support mill rate.

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

Report of the Executive Policy Committee dated March 20, 2002

3. The 2002 Special Levy requirements for the City's eleven School Divisions total $289,395,053, an increase of $21,303,147 or 7.9%, and, range from a 1.1% decrease in the Interlake School Division Number 21 to a 11.5% increase in the St. James-Assiniboia School Division Number 2, as outlined in Schedule "A".

   The corresponding Special Levy mill rate changes differ from the levy requirements due to increases/decreases in the assessment base for each school division. These mill rate changes range from a 2.5% decrease in the Transcona-Springfield School Division Number 12 to a 4.6% increase in the River East School Division Number 9.

4. Since 1995, the municipal/school ratio of the total mill rate (municipal and combined school and education support levy) has been steadily decreasing across all school divisions, as outlined in Schedules "E", "F" and "G".

   For 2002, the municipal/school ratio for Residential property range from a high of 54.98% in the St. James-Assiniboia School Division Number 2 to a low of 46.58% in Seven Oaks School Division Number 10. In 2001, Winnipeg School Division Number 1 and Seven Oaks School Division Number 10 had a higher combined education levy than the municipal levy. For 2002 the Fort Garry School Division Number 5 will also have a combined levy that is greater than the municipal levy. This is due primarily to the reduced assessment in that school division as a result of provincial changes to the classification and portioning of universities.

   For 2002, the municipal/school ratio ranges for Other property vary from a high of 46.13% in St. James-Assiniboia School Division Number 2 to a low of 40.06% in Seven Oaks School Division Number 10.

5. For comparison purposes, the 2002 municipal mill rate has decreased by 7.6% from 32.140 in 2001 to 29.686 in 2002.

The Executive Policy Committee recommends:

I. That in compliance with the mandatory provisions of The Public Schools Act, Council pass the by-law required to fix and impose taxes sufficient to meet that portion of the cost of education required to be raised through levies on assessable property within the City of Winnipeg in 2002, as outlined in Schedule "A".

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

ADOPTED BY COUNCIL
- March 20, 2002

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

SCHEDULE "A" Page 1 of 1

Amounts to be Raised for School Purposes

			Change			MILL RATE CREATION			
						PORTIONED	MILL RATES		
PAYABLE TO THE PUBLIC SCHOOLS FINANCE BOARDS	2001	2002	Amount	%	BUDGETS	ASSESSMENTS	2001	2002	Change
Provincial Levy on Residential Property	60,331,457	53,150,639	(7,180,818)	-11.9%	53,150,639	7,970,360,457	07.913	06.669	-15.7%
Provincial Levy on Other Property	66,980,732	71,594,255	4,613,523	6.9%	71,594,255	4,203,753,787	17.834	17.031	-4.5%
	127,312,189	124,744,894	(2,567,295)	-2.0%	124,744,894	12,174,114,244			
PAYABLE TO SCHOOL DIVISIONS									
1 - Winnipeg	99,491,180	107,748,572	8,257,392	8.3%	107,748,572	3,959,721,582	27.243	27.211	-0.1%
2 - St. James_Assiniboia	23,247,532	25,930,063	2,682,531	11.5%	25,930,063	1,469,892,910	17.188	17.641	2.6%
3 - Assiniboine South	21,428,263	22,902,385	1,474,122	6.9%	22,902,385	1,004,086,625	22.337	22.809	2.1%
4 - St. Boniface	19,984,383	21,061,931	1,077,548	5.4%	21,061,931	952,611,085	22.251	22.110	-0.6%
5 - Fort Garry	24,842,481	26,600,023	1,757,542	7.1%	26,600,023	1,151,249,738	22.626	23.105	2.1%
6 - St Vital	22,093,122	23,933,389	1,840,267	8.3%	23,933,389	1,082,469,443	22.060	22.110	0.2%
9 - River East	21,534,364	23,996,262	2,461,898	11.4%	23,996,262	1,049,388,326	21.869	22.867	4.6%
10 - Seven Oaks	20,464,262	21,544,542	1,080,280	5.3%	21,544,542	786,901,729	26.788	27.379	2.2%
12 - Transcona _ Springfield	12,932,010	13,456,235	524,225	4.1%	13,456,235	637,788,457	21.640	21.098	-2.5%
14 - Seine River	2,064,802	2,212,252	147,450	7.1%	2,212,252	98,045,772	22.087	22.563	2.2%
21- Interlake	9,507	9,399	-108	-1.1%	9,399	468,347	19.965	20.068	0.5%
	268,091,906	289,395,053	21,303,147	7.9%	289,395,053	12,192,624,014			
Total to be Raised for School Purposes	395,404,095	414,139,947	18,735,852	4.7%					

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

Schedule "B"
Page 1 of 1

2002 EDUCATION SUPPORT MILL RATE

	RESIDENTIAL				OTHER							
				Total	----Statutory----		Institutional				Total	
	Residential 1	Residential 2	Residential 3	Residential	Pipeline	Railways	Other	Higher Education	Recreational	Other	Other	Total
(1) 2002 Assessment	14,960,204,059	1,811,813,819	939,882,850	17,711,900,728	12,068,000	87,806,450	95,964,010	314,720,550	36,731,550	6,070,866,890	6,618,157,450	24,330,058,178
(2) Percentage Share	84.46%	10.23%	5.31%	100.00%	0.18%	1.33%	1.45%	4.76%	0.56%	91.72%	100.00%	
(3) Portions	45.0	45.0	45.0		50.0	25.0	65.0	52.0	10.0	65.0		
(4) Portioned Assessment	6,732,094,615	815,316,584	422,949,258	7,970,360,457	6,034,000	21,951,615	62,376,612	163,654,686	3,673,155	3,946,063,719	4,203,753,787	12,174,114,244
Rate / Levy / % share based on 2002 Budget												
(5) Education Support Mill Rate	6.668	6.669	6.669		17.031	17.031	17.031	17.031	17.031	17.031		
(6) Education Support Levy	44,892,644	5,437,346	2,820,649	53,150,639	102,765	373,858	1,062,336	2,787,203	62,558	67,205,535	71,594,255	124,744,894
(7) Percentage Share	84.46%	10.23%	5.31%	100.00%	0.14%	0.52%	1.48%	3.89%	0.09%	93.88%	100.00%	
(8) 2001 Assessment	14,422,453,541	1,597,773,541	922,672,009	16,942,899,091	11,170,800	89,533,650	429,059,970	n/a	34,584,840	5,300,672,117	5,865,021,377	22,807,920,468
(9) Percentage Share	85.12%	9.43%	5.45%	100.00%	0.19%	1.53%	7.32%	n/a	0.59%	90.37%	100.00%	
(10) Portions	45.0	45.0	45.0		50.0	25.0	65.0	n/a	10.0	65.0		
(11) Portioned Assessment	6,490,106,324	718,998,395	415,204,519	7,624,309,238	5,585,400	22,383,419	278,888,986	n/a	3,458,484	3,445,437,067	3,755,753,356	11,380,062,594
Rate / Levy / % share based on 2001 Budget												
(12) Education Support Mill Rate	7.913	7.913	7.913		17.834	17.834	17.834	n/a	17.834	17.834		
(13) Education Support Levy	51,356,510	5,689,434	3,285,513	60,331,457	99,610	399,186	4,973,706	n/a	61,679	61,446,551	66,980,732	127,312,189
(14) Percentage Share	85.12%	9.43%	5.45%	100.00%	0.15%	0.60%	7.43%	n/a	0.09%	91.73%	100.00%	

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

WINNIPEG SCHOOL DIVISION NO. ONE

SCHEDULE "C"
SPECIAL LEVY : PAGE 1

"SCHOOL DIVISION 1"

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	3,368,935,220	708,222,369	276,565,600	4,038,850	0	26,953,500	30,591,510	99,715,650	0	2,955,411,878	7,470,434,577
Percentage Share	45.10%	9.48%	3.70%	0.05%	0.00%	0.36%	0.41%	1.34%	0.00%	39.56%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	1,516,023,257	318,700,205	124,455,058	1,050,101	0	6,738,377	19,884,485	51,852,138	0	1,921,017,881	3,959,721,582
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	27.211	27.211	27.211	27.211	27.211	27.211	27.211	27.211	27.211	27.211	
Special Levy	$41,252,509	$8,672,153	$3,386,547	$28,574	$0	$183,358	$541,077	$1,410,949	$0	$52,273,405	$107,748,572
Percentage Share	38.29%	8.05%	3.14%	0.03%	0.00%	0.17%	0.50%	1.31%	0.00%	48.51%	100.00%
2001 Assessment	3,346,811,881	644,582,621	272,801,499	3,949,700	0	27,904,066	133,790,170	n/a	0	2,520,102,464	6,949,861,455
Percentage Share	48.16%	9.27%	3.93%	0.06%	0.00%	0.40%	1.93%	n/a	0.00%	36.25%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	1,506,066,681	290,026,349	122,761,348	1,184,910	0	6,976,019	86,963,612	n/a	0	1,638,066,675	3,652,045,514
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	27,243	27.243	27.243	27.243	27.243	27.243	27.243	n/a	27.243	27.243	
Special Levy	$41,029,772	$7,901,188	$3,344,387	$32,281	$0	$190,048	$2,369,150	n/a	$0	$44,624,354	$99,491,180
Percentage Share	41.24%	7.94%	3.36%	0.03%	0.00%	0.19%	2.38%	n/a	0.00%	44.86%	100.00%

Fin/tax/ bn/2002schsp
March 15/2002

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

"SCHOOL DIVISION 2"

ST. JAMES-ASSN. SCHOOL DIVISION TWO

SCHEDULE "C"
SPECIAL LEVY : PAGE 2

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,564,637,577	235,899,150	104,097,750	1,877,210	1,549,000	5,499,600	47,534,600	0	11,089,000	889,481,731	2,861,665,618
Percentage Share	54.68%	8.24%	3.64%	0.07%	0.05%	0.19%	1.66%	0.00%	0.39%	31.08%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	704,086,993	106,154,635	46,844,275	488,076	774,500	1,374,900	30,897,490	0	1,108,900	578,163,142	1,469,892,910
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	17.641	17.641	17.641	17.641	17.641	17.641	17.641	17.641	17.641	17.641	
Special Levy	$12,420,799	$1,872,674	$826,380	$8,610	$13,663	$24,255	$545,063	$0	$19,562	$10,199,057	$25,930,063
Percentage Share	47.90%	7.22%	3.19%	0.03%	0.05%	0.09%	2.10%	0.00%	0.08%	39.34%	100.00%
2001 Assessment	1,488,731,252	198,511,340	103,138,940	1,854,560	1,434,000	5,563,020	55,647,400	n/a	10,356,900	780,011,910	2,645,249,222
Percentage Share	56.28%	7.50%	3.90%	0.07%	0.05%	0.21%	2.10%	n/a	0.39%	29.50%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	669,929,264	89,330,118	46,412,814	556,368	717,000	1,390,756	36,170,811	n/a	1,035,690	507,007,692	1,352,550,513
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	17.188	17.188	17.188	17.188	17.188	17.188	17.188	n/a	17.188	17.188	
Special Levy	$11,514,744	$1,535,406	$797,743	$9,563	$12,324	$23,904	$621,704	n/a	$17,801	$8,714,343	$23,247,532
Percentage Share	49.53%	6.60%	3.43%	0.04%	0.05%	0.10%	2.67%	n/a	0.08%	37.50%	100.00%

Fin/tax/ bn/2002schsp
March 15/2002

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

"SCHOOL DIVISION 3"

ASSIN. SOUTH SCHOOL DIVISION THREE

SCHEDULE "C"
SPECIAL LEVY : PAGE 3

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,714,565,330	44,498,050	186,396,280	13,393,420	282,000	9,946,300	2,108,850	0	5,014,000	185,611,510	2,161,815,660
Percentage Share	79.31%	2.06%	8.62%	0.62%	0.01%	0.46%	0.10%	0.00%	0.23%	8.59%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	771,554,405	20,024,145	83,878,512	3,482,289	141,000	2,486,575	1,370,753	0	501,400	120,647,486	1,004,006,625
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	22.809	22.809	22.809	22.809	22.809	22.809	22.809	22.809	22.809	22.809	
Special Levy	$17,598,386	$456,731	$1,913,185	$79,428	$3,216	$56,716	$31,266	$0	$11,436	$2,752,021	$22,902,385
Percentage Share	76.84%	1.99%	8.35%	0.35%	0.01%	0.25%	0.14%	0.00%	0.05%	12.02%	100.00%
2001 Assessment	1,658,323,311	38,330,880	179,941,240	13,142,555	261,000	9,842,030	6,051,040	n/a	4,402,000	159,882,070	2,070,175,926
Percentage Share	80.11%	1.85%	8.69%	0.63%	0.01%	0.48%	0.29%	n/a	0.21%	7.73%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	746,245,579	17,248,824	80,973,762	3,942,767	130,500	2,460,508	3,933,177	n/a	440,200	103,923,351	959,298,668
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	22.337	22.337	22.337	22.337	22.337	22.337	22.337	n/a	22.337	22.337	
Special Levy	$16,668,887	$385,287	$1,808,711	$88,070	$2,916	$54,960	$87,855	n/a	$9,833	$2,321,746	$21,420,263
Percentage Share	77.78%	1.80%	8.44%	0.41%	0.01%	0.26%	0.41%	n/a	0.05%	10.83%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

ST. BONIFACE SCHOOL DIVISION FOUR

"SCHOOL DIVISION 4"

SCHEDULE "C"
SPECIAL LEVY : PAGE 4

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----			Institutional			
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,336,326,992	111,773,050	29,717,950	3,300,000	325,000	15,596,250	3,810,970	8,850,000	7,067,000	422,903,850	1,939,671,142
Percentage Share	68.89%	5.76%	1.53%	0.17%	0.02%	0.80%	0.20%	0.46%	0.36%	21.81%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	601,347,101	50,297,874	13,373,090	858,021	162,500	3,899,063	2,477,130	4,602,000	706,700	274,887,518	952,611,085
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	
Special Levy	$13,295,786	$1,112,086	$295,679	$18,971	$3,593	$86,208	$54,769	$101,750	$15,625	$6,077,464	$21,061,931
Percentage Share	63.13%	5.28%	1.40%	0.09%	0.02%	0.41%	0.26%	0.48%	0.07%	28.86%	100.00%
2001 Assessment	1,256,475,167	100,538,810	29,588,550	3,285,780	301,000	15,791,560	12,263,060	n/a	6,811,000	400,685,155	1,825,660,172
Percentage Share	68.82%	5.51%	1.62%	0.18%	0.02%	0.86%	0.67%	n/a	0.37%	21.95%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	565,413,867	45,242,466	13,314,870	981,734	150,500	3,947,891	7,970,989	n/a	681,100	260,446,372	899,120,798
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	22.251	22.251	22.251	22.251	22.251	22.251	22.251	n/a	22.251	22.251	
Special Levy	$12,581,024	$1,006,690	$296,269	$21,460	$3,349	$87,845	$177,382	n/a	$15,155	$5,795,289	$19,984,383
Percentage Share	62.95%	5.04%	1.48%	0.11%	0.02%	0.44%	0.89%	n/a	0.08%	28.99%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

FORT GARRY SCHOOL DIVISION FIVE

"SCHOOL DIVISION 5"

SCHEDULE "C"
SPECIAL LEVY : PAGE 5

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional		Golf		
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,343,583,610	192,936,000	87,958,000	7,715,900	278,000	5,316,600	4,597,830	206,154,900	5,572,000	470,790,070	2,324,903,510
Percentage Share	57.79%	8.30%	3.78%	0.33%	0.01%	0.23%	0.20%	8.87%	0.24%	20.25%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	604,612,640	86,821,539	39,581,376	2,006,134	139,000	1,329,150	2,988,590	107,200,548	557,200	306,013,552	1,151,249,738
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	23.105	23.105	23.105	23.105	23.105	23.105	23.105	23.105	23.105	23.105	
Special Levy	$13,969,575	$2,006,012	$914,528	$46,352	$3,212	$30,710	$69,051	$2,476,869	$12,874	$7,070,840	$26,600,023
Percentage Share	52.52%	7.54%	3.44%	0.17%	0.01%	0.12%	0.26%	9.31%	0.05%	26.58%	100.00%
2001 Assessment	1,271,457,950	166,129,600	85,333,850	7,570,250	256,000	5,473,260	214,704,800	n/a	5,262,000	413,494,867	2,169,682,477
Percentage Share	58.60%	7.66%	3.93%	0.35%	0.01%	0.25%	9.90%	n/a	0.24%	19.06%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	572,156,103	74,758,340	38,400,611	2,271,075	128,000	1,368,315	139,558,120	n/a	526,200	268,771,671	1,097,938,335
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	22.626	22.626	22.626	22.626	22.626	22.626	22.626	n/a	22.626	22.626	
Special Levy	$12,945,604	$1,691,482	$868,850	$51,385	$2,896	$30,959	$3,157,642	n/a	$11,906	$6,081,757	24,842,401
Percentage Share	52.11%	6.81%	3.50%	0.21%	0.01%	0.12%	12.71%	n/a	0.05%	24.48%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

"SCHOOL DIVISION 6"

ST. VITAL SCHOOL DIVISION SIX

SCHEDULE "C"
SPECIAL LEVY : PAGE 8

2002 SPECIAL LEVY MILL RATE

	Residential 1	Residential 2	Residential 3	Farm	----STATUTORY---- Pipeline	Railways	Institutional Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,671,462,040	169,678,100	125,958,500	15,192,840	375,000	2,623,500	2,498,800	0	1,502,000	293,389,440	2,282,680,220
Percentage Share	73.22%	7.43%	5.52%	0.67%	0.02%	0.11%	0.11%	0.00%	0.07%	12.85%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	752,157,958	76,355,163	56,685,245	3,950,139	187,500	655,875	1,624,220	0	150,200	190,703,143	1,082,469,443
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	22.11	
Special Levy	$16,630,212	$1,688,213	$1,253,311	$87,338	$4,146	$14,501	$35,912	$0	$3,321	$4,216,435	$23,933,389
Percentage Share	69.49%	7.05%	5.24%	0.36%	0.02%	0.06%	0.15%	0.00%	0.01%	17.62%	100.00%
2001 Assessment	1,573,262,930	145,362,620	121,799,940	16,552,800	347,000	2,677,500	2,208,050	n/a	1,459,000	255,243,020	2,118,912,860
Percentage Share	74.25%	6.86%	5.75%	0.78%	0.02%	0.13%	0.10%	n/a	0.07%	12.04%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	707,968,378	65,413,186	54,810,313	4,965,840	173,500	669,375	1,435,233	n/a	145,900	165,907,969	1,001,489,704
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	22.06	22.06	22.06	22.06	22.06	22.06	22.06	n/a	22.06	22.06	
Special Levy	$15,617,782	$1,443,015	$1,209,116	$109,546	$3,827	$14,766	$31,661	n/a	$3,219	$3,660,190	$22,093,122
Percentage Share	70.69%	6.53%	5.47%	0.50%	0.02%	0.07%	0.14%	n/a	0.01%	16.57%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

RIVER EAST SCHOOL DIVISION NINE

"SCHOOL DIVISION 9"

SCHEDULE "C"
SPECIAL LEVY : PAGE 7

2002 SPECIAL LEVY MILL RATE

					---STATUTORY---		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,729,936,900	219,615,950	34,696,200	5,930,960	667,700	7,084,400	1,902,000	0	3,413,600	232,694,620	2,235,942,330
Percentage Share	77.37%	9.82%	1.55%	0.27%	0.03%	0.32%	0.09%	0.00%	0.15%	10.40%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	778,471,626	98,827,102	15,613,339	1,542,050	333,850	1,771,100	1,236,301	0	341,360	151,251,518	1,049,388,326
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	22.867	22.867	22.867	22.867	22.867	22.867	22.867	22.867	22.867	22.867	
Special Levy	$17,801,311	$2,259,881	$357,030	$35,262	$7,634	$40,500	$28,270	$0	$7,806	$3,458,568	$23,996,262
Percentage Share	74.18%	9.42%	1.49%	0.15%	0.03%	0.17%	0.12%	0.00%	0.03%	14.41%	100.00%
2001 Assessment	1,654,876,618	189,012,990	35,484,700	6,419,120	617,900	7,204,420	1,971,380	n/a	3,249,600	205,149,900	2,103,986,700
Percentage Share	78.65%	8.98%	1.69%	0.31%	0.03%	0.34%	0.09%	n/a	0.15%	9.75%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	744,694,582	85,055,851	15,968,166	1,925,736	308,950	1,801,105	1,281,397	n/a	324,960	133,347,496	984,708,163
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	21.869	21.869	21.869	21.869	21.869	21.869	21.869	n/a	21.869	21.869	
Special Levy	$16,285,724	$1,860,086	$349,208	$42,114	$6,756	$39,388	$28,023	n/a	$7,107	$2,915,9[illegible]	$21,534,364
Percentage Share	75.63%	8.64%	1.62%	0.20%	0.03%	0.18%	0.13%	n/a	0.03%	13.54%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

SEVEN OAKS SCHOOL DIVISION TEN

"SCHOOL DIVISION 10"

SCHEDULE "C"
SPECIAL LEVY : PAGE 8

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	1,271,713,190	111,774,600	57,365,650	7,725,020	0	2,783,100	1,936,850	0	691,950	206,900,120	1,660,890,380
Percentage Share	76.57%	6.73%	3.46%	0.46%	0.00%	0.17%	0.12%	0.00%	0.04%	12.46%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	572,270,987	50,298,577	25,814,655	2,008,595	0	695,775	1,258,953	0	69,195	134,485,082	786,901,729
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	27.379	27.379	27.379	27.379	27.379	27.379	27.379	27.379	27.379	27.379	
Special Levy	$15,668,297	$1,377,125	$706,779	$54,991	$0	$19,050	$34,469	$0	$1,894	$3,682,027	$21,544,542
Percentage Share	72.72%	6.39%	3.28%	0.26%	0.00%	0.09%	0.16%	0.00%	0.01%	17.09%	100.00%
2001 Assessment	1,260,510,470	99,595,530	58,424,650	7,603,340	0	2,866,100	1,820,000	n/a	751,950	186,686,550	1,618,284,490
Percentage Share	77.89%	6.15%	3.61%	0.47%	0.00%	0.18%	0.11%	n/a	0.05%	11.54%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	567,229,777	44,817,995	26,291,211	2,281,002	0	716,525	1,183,000	n/a	75,195	121,346,263	763,844,868
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	26.788	26.788	26.788	26.788	26.788	26.788	26.788	n/a	26.788	26.788	
Special Levy	$15,194,951	$1,200,584	$704,289	$61,103	$0	$19,194	$31,705	n/a	$2,014	$3,250,332	$20,464,262
Percentage Share	74.25%	5.87%	3.44%	0.30%	0.00%	0.09%	0.16%	n/a	0.01%	15.88%	100.00%

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March 15/2002

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

TRANSCONA - SPRINGFIELD SCHOOL DIVISION TWELVE

"SCHOOL DIVISION 12"

SCHEDULE "C"
SPECIAL LEVY : PAGE 9

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	794,512,180	16,832,100	12,269,500	4,972,471	774,300	9,032,400	208,800	0	2,382,000	404,384,821	1,245,368,572
Percentage Share	63.80%	1.35%	0.99%	0.40%	0.06%	0.73%	0.02%	0.00%	0.19%	32.46%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	357,630,517	7,574,449	5,521,337	1,292,842	387,150	2,258,100	135,720	0	238,200	262,850,142	637,788,457
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	21.098	21.098	21.098	21.098	21.098	21.098	21.098	21.098	21.098	21.098	
Special Levy	$7,543,179	$159,806	$116,489	$27,276	$8,168	$47,641	$2,863	$0	$5,026	$5,545,787	$13,456,235
Percentage Share	56.06%	1.19%	0.87%	0.20%	0.06%	0.35%	0.02%	0.00%	0.04%	41.21%	100.00%
2001 Assessment	754,154,580	15,230,558	12,261,400	4,942,191	716,900	9,151,300	205,610	n/a	2,292,300	371,314,481	1,170,269,312
Percentage Share	64.44%	1.30%	1.05%	0.42%	0.06%	0.78%	0.02%	n/a	0.20%	31.73%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	339,369,586	6,853,748	5,517,678	1,482,657	358,450	2,287,825	133,647	n/a	229,230	241,354,419	597,587,240
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	21.64	21.64	21.64	21.64	21.64	21.64	21.64	n/a	21.64	21.64	
Special Levy	$7,343,958	$148,315	$119,403	$32,085	$7,757	$49,509	$2,892	n/a	$4,961	$5,223,130	$12,932,010
Percentage Share	56.79%	1.15%	0.92%	0.25%	0.06%	0.38%	0.02%	n/a	0.04%	40.39%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

"SCHOOL DIVISION 14"

SEINE RIVER SCHOOL DIVISION FOURTEEN

SCHEDULE "C"
SPECIAL LEVY : PAGE 10

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	164,396,670	583,850	24,849,600	6,389,520	7,817,000	2,118,100	749,900	0	0	9,285,250	216,189,890
Percentage Share	76.04%	0.27%	11.49%	2.96%	3.62%	0.98%	0.35%	0.00%	0.00%	4.29%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	73,978,524	262,735	11,182,363	1,661,275	3,908,500	529,525	487,435	0	0	6,035,415	98,045,772
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	22.563	22.563	22.563	22.563	22.563	22.563	22.563	22.563	22.563	22.563	
Special Levy	$1,669,177	$5,928	$252,308	$37,483	$88,187	$11,948	$10,998	$0	$0	$136,223	$2,212,252
Percentage Share	75.45%	0.27%	11.40%	1.69%	3.99%	0.54%	0.50%	0.00%	0.00%	6.16%	100.00%
2001 Assessment	157,721,170	558,900	23,897,340	6,149,090	7,237,000	2,181,600	368,610	n/a	0	8,088,180	206,201,890
Percentage Share	76.49%	0.27%	11.59%	2.98%	3.51%	1.06%	0.18%	n/a	0.00%	3.92%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	70,974,572	251,508	10,753,846	1,844,727	3,618,500	545,400	239,597	n/a	0	5,257,319	93,485,469
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	22.087	22.087	22.087	22.087	22.087	22.087	22.087	n/a	22.087	22.087	
Special Levy	$1,567,615	$5,555	$237,528	$40,744	$79,922	$12,046	$5,292	n/a	$0	$116,108	$2,064,802
Percentage Share	75.92%	0.27%	11.50%	1.97%	3.87%	0.58%	0.26%	n/a	0.00%	5.63%	100.00%

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March 15/2002

APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

INTERLAKE SCHOOL DIVISION TWENTY-ONE

"SCHOOL DIVISION 21"

SCHEDULE "C"
SPECIAL LEVY : PAGE 11

2002 SPECIAL LEVY MILL RATE

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	134,350	0	0	655,150	0	852,700	23,900	0	0	13,600	1,679,700
Percentage Share	8.00%	0.00%	0.00%	39.00%	0.00%	50.77%	1.42%	0.00%	0.00%	0.81%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	60,458	0	0	170,339	0	213,175	15,535	0	0	8,840	468,347
Rate / Levy / % Share Based on 2002 budget											
Special Levy Mill Rate	20.068	20.068	20.068	20.068	20.068	20.068	20.068	20.068	20.068	20.068	
Special Levy	$1,213	$0	$0	$3,418	$0	$4,278	$312	$0	$0	$178	$9,399
Percentage Share	12.90%	0.00%	0.00%	36.37%	0.00%	45.52%	3.32%	0.00%	0.00%	1.89%	100.00%
2001 Assessment	129,100	0	0	580,150	0	878,800	23,850	n/a	0	13,600	1,625,500
Percentage Share	7.94%	0.00%	0.00%	35.69%	0.00%	54.06%	1.47%	n/a	0.00%	0.84%	100.00%
Portions	45.0	45.0	45.0	30.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	58,095	0	0	174,045	0	219,700	15,503	n/a	0	8,840	476,183
Rate / Levy / % Share Based on 2001 budget											
Special Levy Mill Rate	19.965	19.965	19.965	19.965	19.965	19.965	19.965	n/a	19.965	19.965	
Special Levy	$1,160	$0	$0	$3,475	$0	$4,386	$318	n/a	$0	$176	$9,507
Percentage Share	12.20%	0.00%	0.00%	36.55%	0.00%	46.13%	3.26%	n/a	0.00%	1.86%	100.00%

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

2002 SPECIAL LEVY MILL RATE

SCHEDULE "C"
SPECIAL LEVY : PAGE 12

"TOTAL SCHOOL DIVISIONS "

BASED ON 2002 BUDGET REQUIREMENTS AND 2002 ASSESSMENTS

					----STATUTORY----		Institutional				
	Residential 1	Residential 2	Residential 3	Farm	Pipeline	Railways	Other	Higher Education	Recreational	Other	Total
2002 Assessment	14,960,204,059	1,811,813,819	939,882,850	71,191,421	12,068,000	87,806,450	95,964,010	314,720,550	36,731,550	6,070,866,890	24,401,249,599
Percentage Share	61.31%	7.43%	3.85%	0.29%	0.05%	0.36%	0.39%	1.29%	0.15%	24.88%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	52.0	10.0	65.0	
Portioned Assessment	6,732,094,615	815,316,584	422,949,258	18,509,770	6,034,000	21,951,615	62,376,612	163,654,686	3,673,155	3,946,063,719	12,192,624,014
Rate / Levy / % Share Based on 2002 budget											
Special Levy	157,850,354	19,610,609	10,022,236	427,703	131,819	519,165	1,354,050	3,989,568	77,544	95,412,005	289,395,053
Percentage Share	54.54%	6.78%	3.46%	0.15%	0.05%	0.18%	0.47%	1.38%	0.03%	32.96%	100.00%
2001 Assessment	14,422,453,541	1,597,773,541	922,672,009	71,969,536	11,170,800	89,533,650	429,059,970	n/a	34,584,840	5,300,672,117	22,879,890,004
Percentage Share	63.04%	6.98%	4.03%	0.31%	0.05%	0.39%	1.88%	n/a	0.15%	23.17%	100.00%
Portions	45.0	45.0	45.0	26.0	50.0	25.0	65.0	n/a	10.0	65.0	
Portioned Assessment	6,490,106,324	718,998,395	415,204,519	21,590,861	5,585,400	22,383,419	278,888,986	n/a	3,458,484	3,445,437,067	11,401,653,455
Rate / Levy / % Share Based on 2002 budget											
Special Levy	150,751,221	17,177,608	9,735,496	401,766	119,746	527,005	6,513,686		71,996	82,703,382	268,091,906
Percentage Share	56.23%	6.41%	3.63%	0.18%	0.04%	0.20%	2.43%		0.03%	30.85%	100.00%

Fin/tax/ bn/2002schsp
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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

2002 MILL RATES

Schedule "D"
Page 1 of 1

				Res-3	Farm	Farm	Statutory	Statutory		Institutional	Municipal		
MILL RATES	Residential 1	Residential 2	Residential 3	Sch-exmpt	ESL- exmpt	Sch-exmpt	Pipeline	Railways	Other	Higher Education	Only	Recreational	Other
2002 General Municipal	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686	29.686
2002 Education Support	6.669	6.669	6.669	0.000	0.000	0.000	17.031	17.031	17.031	17.031	0.000	17.031	17.031
2002 Special Levy													
1 - Winnipeg	27.211	27.211	27.211	0.000	27.211	0.000	27.211	27.211	27.211	27.211	0.000	27.211	27.211
2 - St. James-Assiniboia	17.641	17.641	17.641	0.000	17.641	0.000	17.641	17.641	17.641	17.641	0.000	17.641	17.641
3 - Assiniboine South	22.809	22.809	22.809	0.000	22.809	0.000	22.809	22.809	22.809	22.809	0.000	22.809	22.809
4 - St. Boniface	22.110	22.110	22.110	0.000	22.110	0.000	22.110	22.110	22.110	22.110	0.000	22.110	22.110
5 - Fort Garry	23.105	23.105	23.105	0.000	23.105	0.000	23.105	23.105	23.105	23.105	0.000	23.105	23.105
6 - St Vital	22.110	22.110	22.110	0.000	22.110	0.000	22.110	22.110	22.110	22.110	0.000	22.110	22.110
9 - River East	22.867	22.867	22.867	0.000	22.867	0.000	22.867	22.867	22.867	22.867	0.000	22.867	22.867
10 - Seven Oaks	27.379	27.379	27.379	0.000	27.379	0.000	27.379	27.379	27.379	27.379	0.000	27.379	27.379
12 - Transcona - Springfield	21.098	21.098	21.098	0.000	21.098	0.000	21.098	21.098	21.098	21.098	0.000	21.098	21.098
14 - Seine River	22.563	22.563	22.563	0.000	22.563	0.000	22.563	22.563	22.563	22.563	0.000	22.563	22.563
21 - Interlake	20.068	20.068	20.068	0.000	20.068	0.000	20.068	20.068	20.068	20.068	0.000	20.068	20.068

2001 MILL RATES

				Res-3	Farm	Farm	Statutory	Statutory		Institutional	Municipal		
MILL RATES	Residential 1	Residential 2	Residential 3	Sch-exmpt	ESL- exmpt	Sch-exmpt	Pipeline	Railways	Other	Higher Education	Only	Recreational	Other
2001 General Municipal	32.140	32.140	32.140	32.140	32.140	32.140	32.140	32.140	32.140	n/a	32.140	32.140	32.140
2001 Education Support	7.913	7.913	7.913	0.000	0.000	0.000	17.834	17.834	17.834	n/a	0.000	17.834	17.834
2001 Special Levy													
1 - Winnipeg	27.243	27.243	27.243	0.000	27.243	0.000	27.243	27.243	27.243	n/a	0.000	27.243	27.243
2 - St. James-Assiniboia	17.188	17.188	17.188	0.000	17.188	0.000	17.188	17.188	17.188	n/a	0.000	17.188	17.188
3 - Assiniboine South	22.337	22.337	22.337	0.000	22.337	0.000	22.337	22.337	22.337	n/a	0.000	22.337	22.337
4 - St. Boniface	22.251	22.251	22.251	0.000	22.251	0.000	22.251	22.251	22.251	n/a	0.000	22.251	22.251
5 - Fort Garry	22.626	22.626	22.626	0.000	22.626	0.000	22.626	22.626	22.626	n/a	0.000	22.626	22.626
6 - St Vital	22.060	22.060	22.060	0.000	22.060	0.000	22.060	22.060	22.060	n/a	0.000	22.060	22.060
8 - Norwood	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	n/a	0.000	0.000	0.000
9 - River East	21.869	21.869	21.869	0.000	21.869	0.000	21.869	21.869	21.869	n/a	0.000	21.869	21.869
10 - Seven Oaks	26.788	26.788	26.788	0.000	26.788	0.000	26.788	26.788	26.788	n/a	0.000	26.788	26.788
12 - Transcona - Springfield	21.640	21.640	21.640	0.000	21.640	0.000	21.640	21.640	21.640	n/a	0.000	21.640	21.640
14 - Seine River	22.087	22.087	22.087	0.000	22.087	0.000	22.087	22.087	22.087	n/a	0.000	22.087	22.087
21 - Interlake	19.965	19.965	19.965	0.000	19.965	0.000	19.965	19.965	19.965	n/a	0.000	19.965	19.965

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APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

SCHEDULE "E" Page 1 of 2

Ratio of Municipal & Combined School Mill Rates for Residential Properties for the Period Covering 1995 to 2002 by School

	1995		1996		1997		1998		1999		2000		2001		2002	
School Division	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL
1 - Winnipeg	52.39%	47.61%	51.42%	48.58%	51.07%	48.93%	50.30%	49.70%	49.49%	50.51%	48.63%	51.37%	47.76%	52.24%	46.70%	53.30%
2 - St. James_Assiniboia	58.88	41.12	58.57	41.43	59.12	40.88	58.87	41.13	58.46	41.54	57.40	42.60	56.15	43.85	54.98	45.02
3 - Assiniboine South	55.93	44.07	55.26	44.74	55.26	44.74	55.23	44.77	53.86	46.14	52.76	47.24	51.51	48.49	50.18	49.82
4 - St. Boniface	57.41	42.59	56.32	43.68	55.71	44.29	55.56	44.44	54.72	45.28	53.30	46.70	51.59	48.41	50.78	49.22
5 - Fort Garry	56.29	43.71	55.61	44.39	55.73	44.27	55.56	44.44	54.19	45.81	53.21	46.79	51.28	48.72	49.93	50.07
6 - St Vital	56.86	43.14	56.09	43.91	55.87	44.13	56.12	43.88	54.98	45.02	53.22	46.78	51.74	48.26	50.78	49.22
9 - River East	56.76	43.24	55.64	44.36	55.47	44.53	55.90	44.10	55.03	44.97	53.82	46.18	51.90	48.10	50.13	49.87
10 - Seven Oaks	54.59	45.41	53.98	46.02	53.36	46.64	52.50	47.50	51.35	48.65	49.73	50.27	48.08	51.92	46.58	53.42
12 - Transcona _ Springfield	57.08	42.92	55.29	44.71	55.63	44.37	55.53	44.47	55.08	44.92	53.85	46.15	52.10	47.90	51.67	48.33
14 - Seine River	58.32	41.68	57.93	42.07	56.95	43.05	56.14	43.86	54.76	45.24	53.21	46.79	51.72	48.28	50.39	49.61
21- Interlake	61.94	38.06	59.02	40.98	58.43	41.57	57.56	42.44	56.90	43.10	55.25	44.75	53.55	46.45	52.61	47.39

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March 15/2002

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Ratio of Municipal & Combined School Mill Rates for Other Properties for the Period Covering 1995 to 2002 by School Division

School Division	1995		1996		1997		1998		1999		2000		2001		2002	
	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL	Municipal	School & ESL
1 - Winnipeg	44.78%	55.22%	44.19%	55.81%	44.20%	55.80%	43.70%	56.30%	43.17%	56.83%	42.48%	57.52%	41.62%	58.38%	40.16%	59.84%
2 - St. James_Assiniboia	49.44	50.56	49.36	50.64	50.11	49.89	50.02	49.98	49.85	50.15	49.02	50.98	47.85	52.15	46.13	53.87
3 - Assiniboine South	47.34	52.66	46.99	53.01	47.31	52.69	47.37	52.63	46.47	53.53	45.60	54.40	44.45	55.55	42.70	57.30
4 - St. Boniface	48.39	51.61	47.76	52.24	47.63	52.37	47.61	52.39	47.11	52.89	46.00	54.00	44.50	55.50	43.13	56.87
5 - Fort Garry	47.60	52.40	47.25	52.75	47.65	52.35	47.61	52.39	46.71	53.29	45.94	54.06	44.27	55.73	42.52	57.48
6 - St Vital	48.00	52.00	47.59	52.41	47.76	52.24	48.03	51.97	47.30	52.70	45.94	54.06	44.62	55.38	43.13	56.87
9 - River East	47.93	52.07	47.27	52.73	47.46	52.54	47.86	52.14	47.34	52.66	46.39	53.61	44.74	55.26	42.66	57.34
10 - Seven Oaks	46.38	53.62	46.07	53.93	45.91	54.09	45.35	54.65	44.59	55.41	43.31	56.69	41.87	58.13	40.06	59.94
12 - Transcona _ Springfield	48.16	51.84	47.01	52.99	47.58	52.42	47.59	52.41	47.37	52.63	46.41	53.59	44.88	55.12	43.77	56.23
14 - Seine River	49.04	50.96	48.91	51.09	48.54	51.46	48.04	51.96	47.13	52.87	45.94	54.06	44.60	55.40	42.85	57.15
21- Interlake	51.57	48.43	49.68	50.32	49.61	50.39	49.08	50.92	48.71	51.29	47.44	52.56	45.95	54.05	44.45	55.55

fin/tax/sys/bn/2002sch/school/%change in mill rate 95 to 2002
March 15/2002

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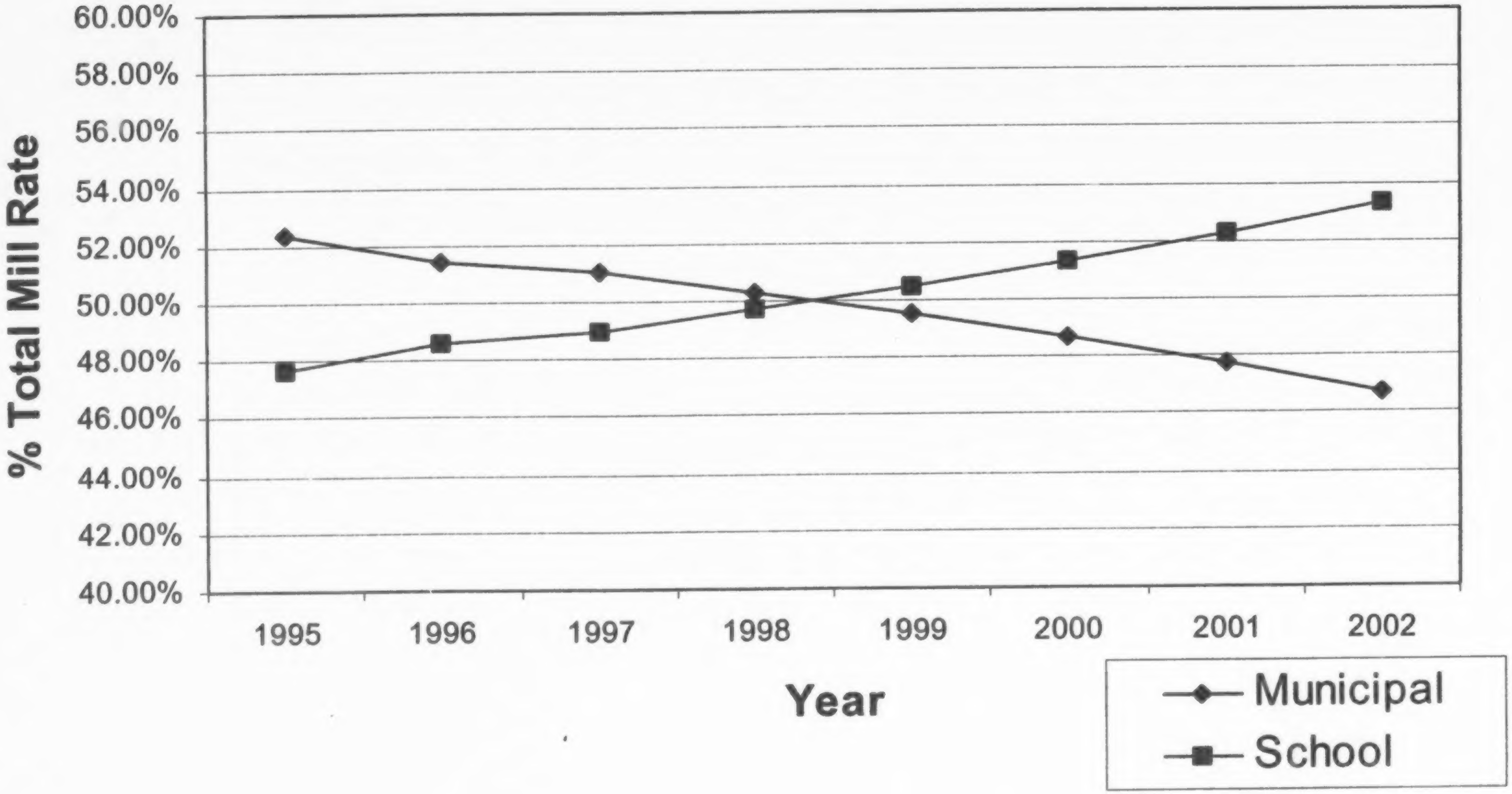
Winnipeg School Division # 1
Residential Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

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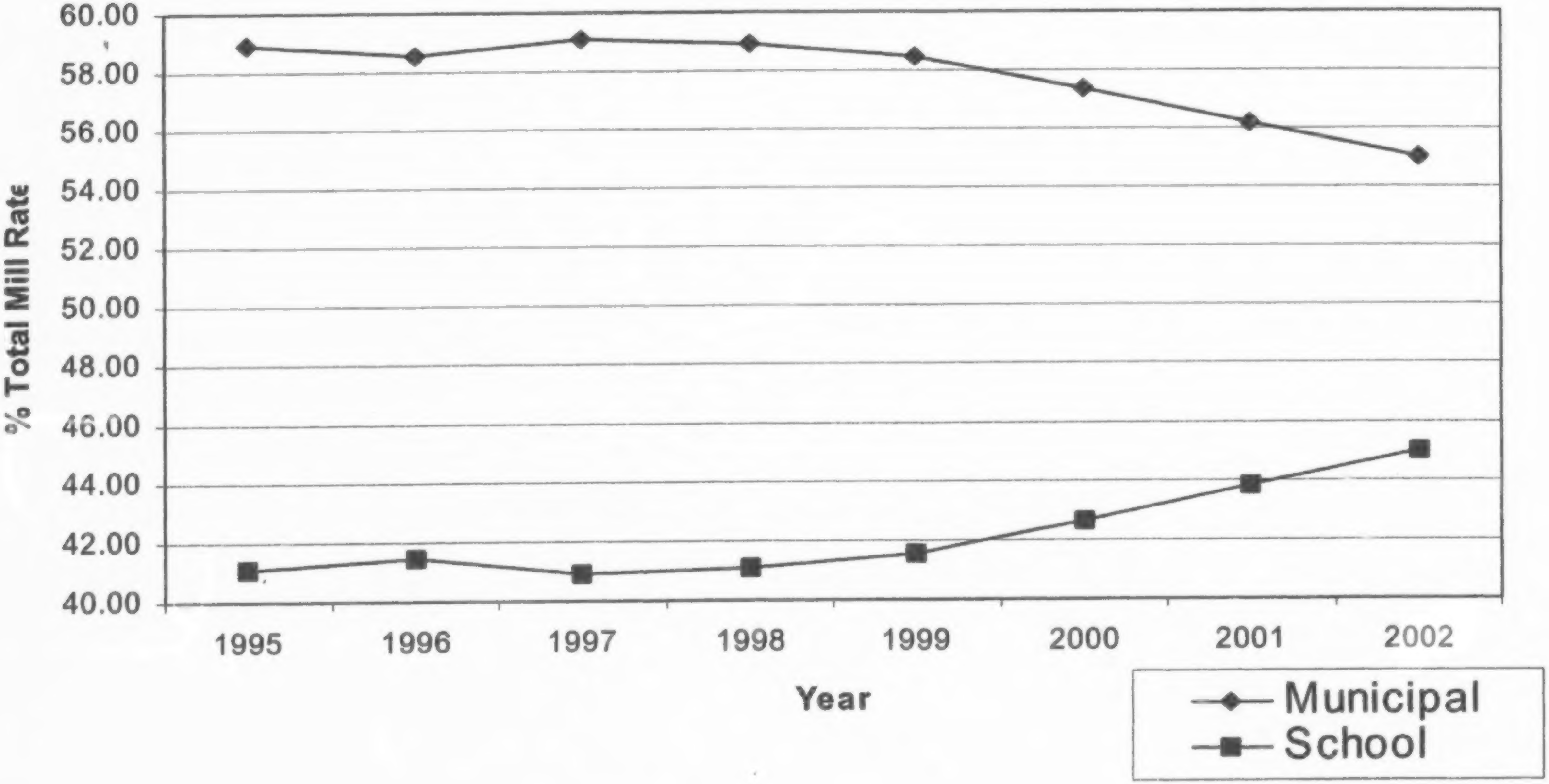
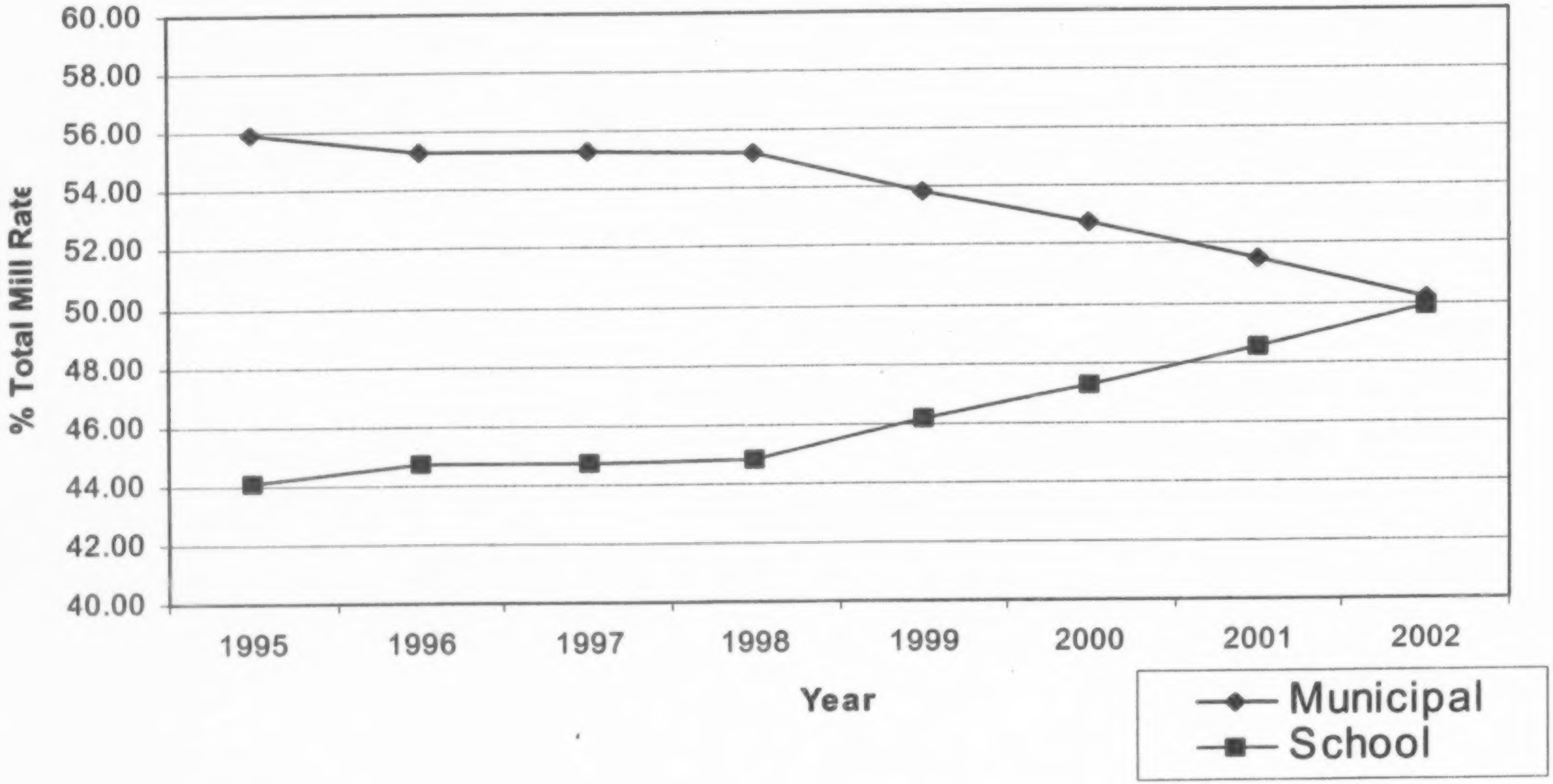
St. James Assiniboia School Division # 2
Residential Properties



Schedule F, Page 3 of 11

Assiniboine South School Division # 3
Residential Properties



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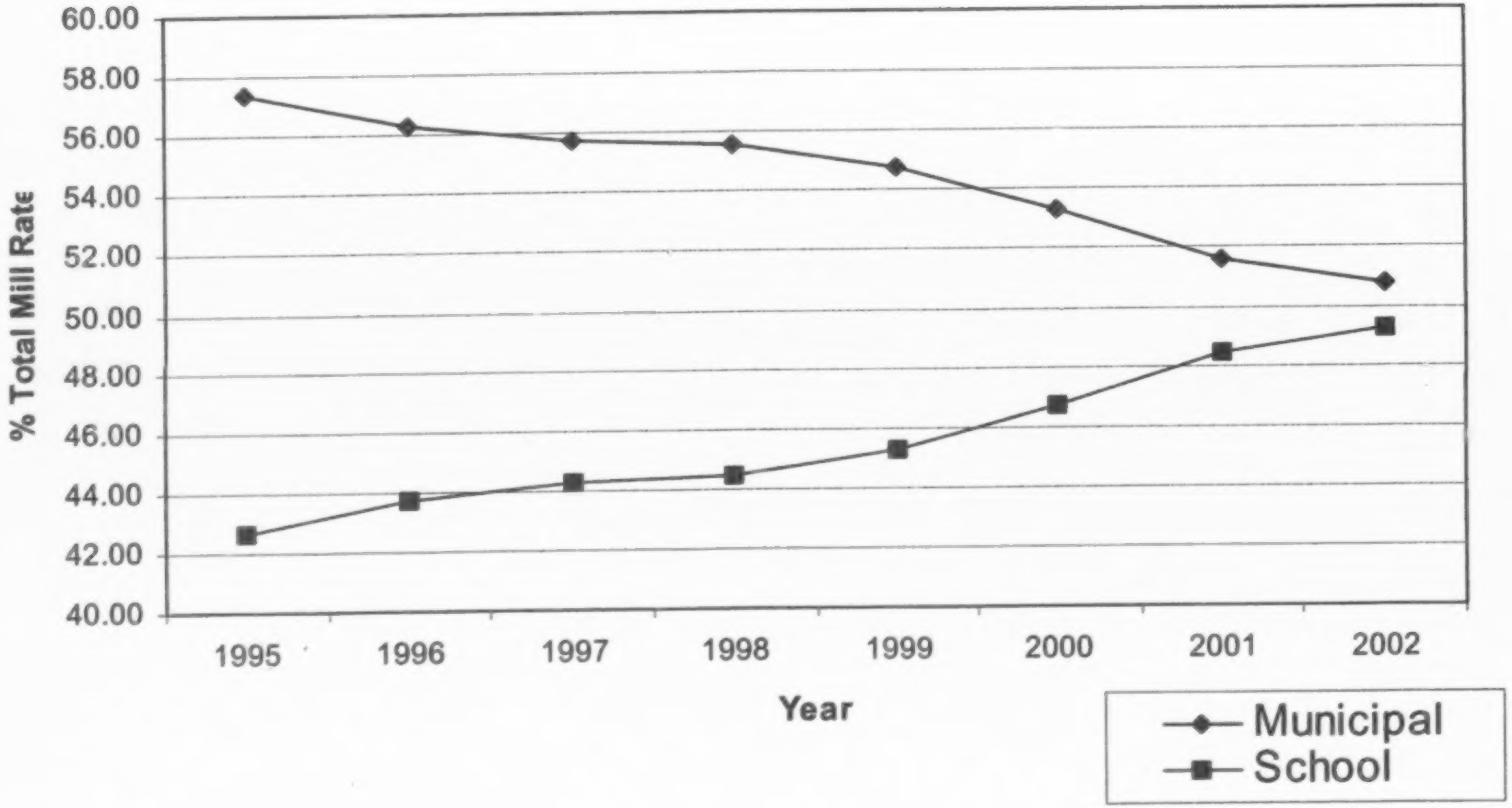
St. Boniface School Division # 4
Residential Properties



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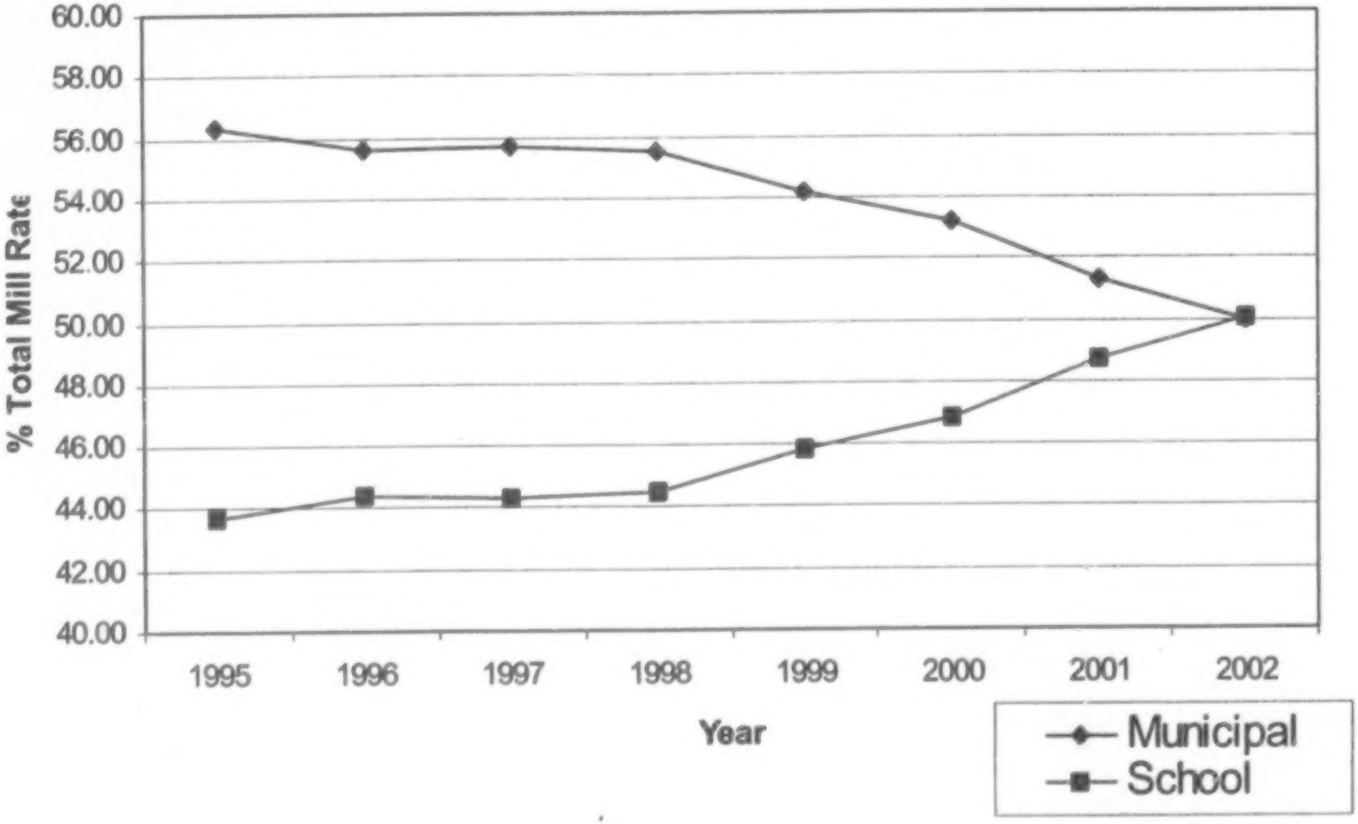
Fort Garry School Division # 5
Residential Properties



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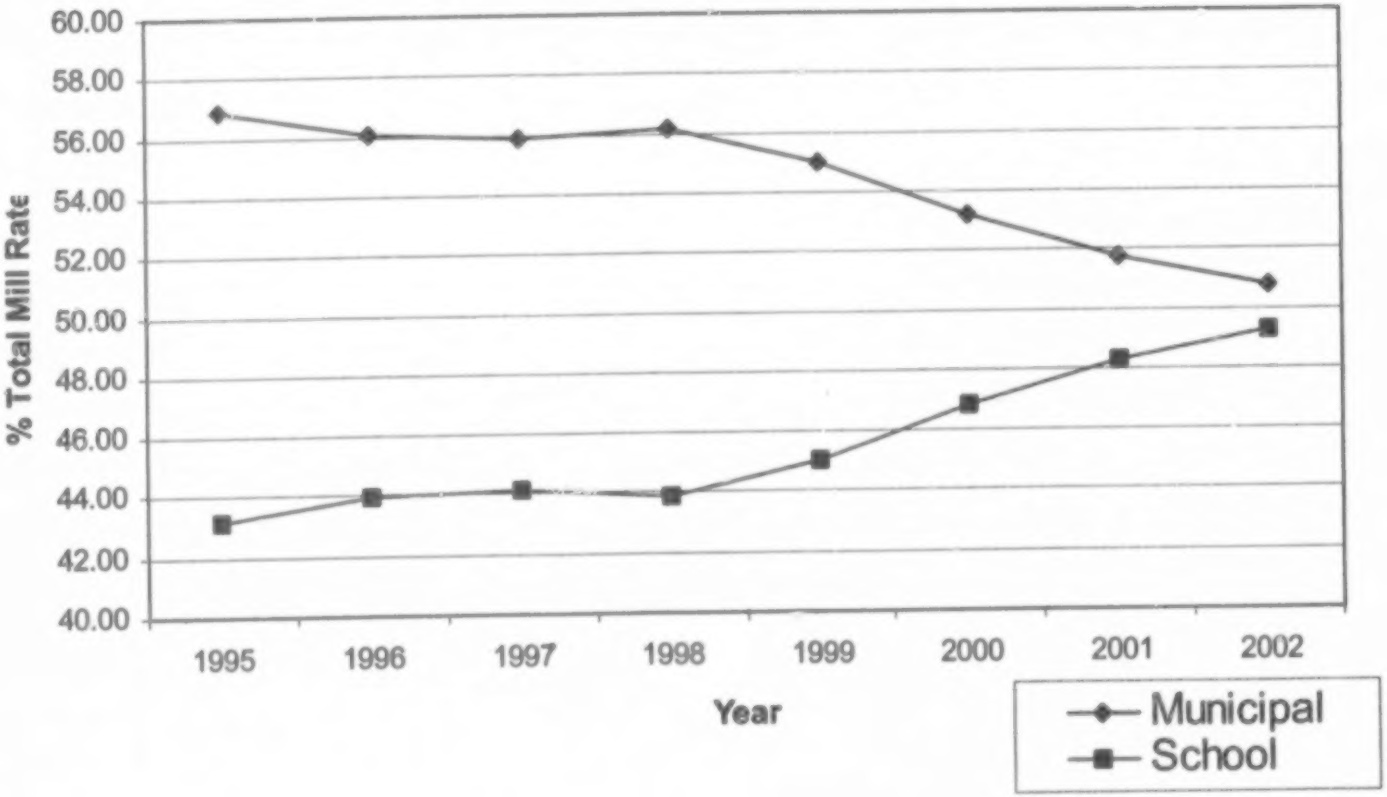
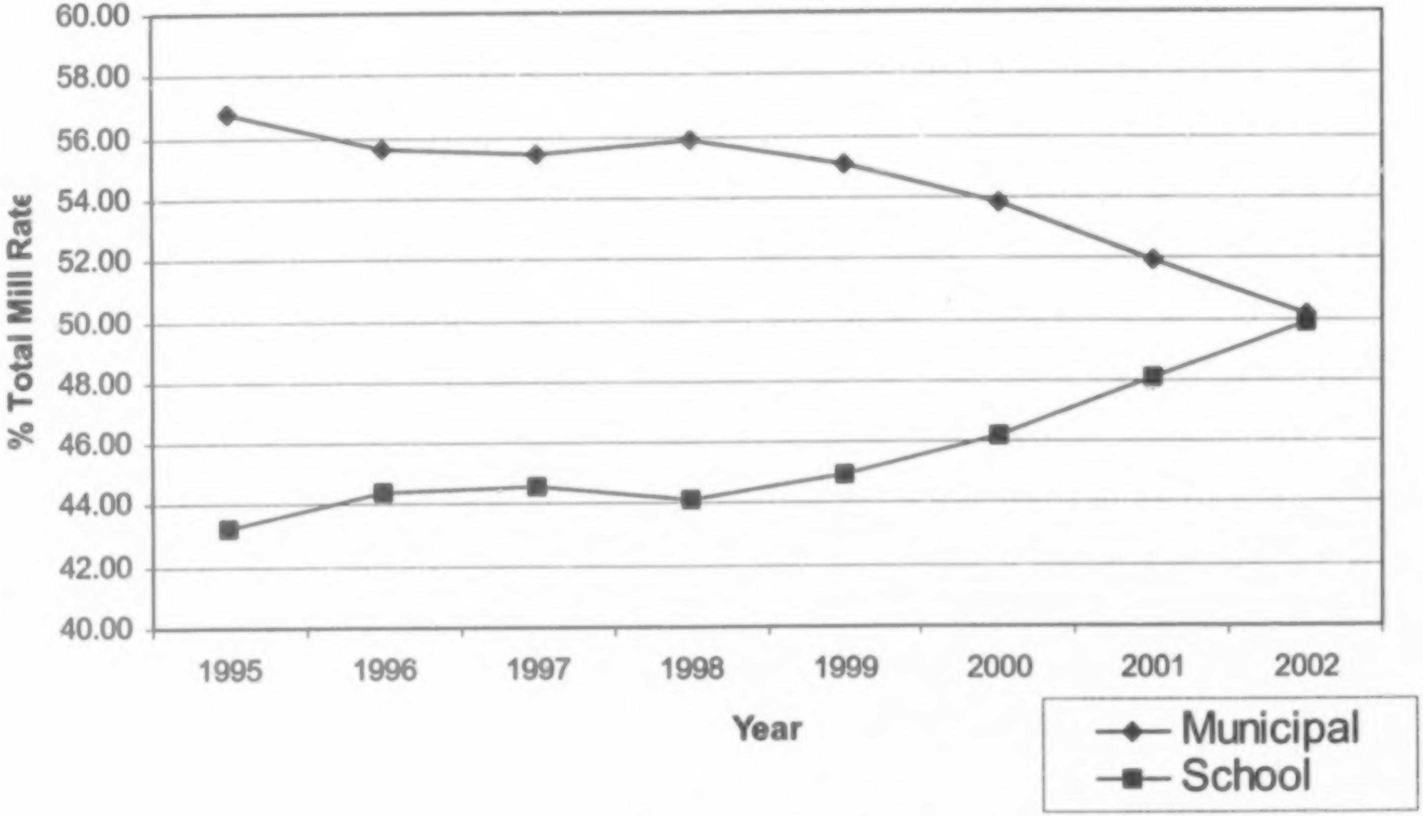
St. Vital School Division # 6
Residential Properties



River East School Division # 9
Residential Properties



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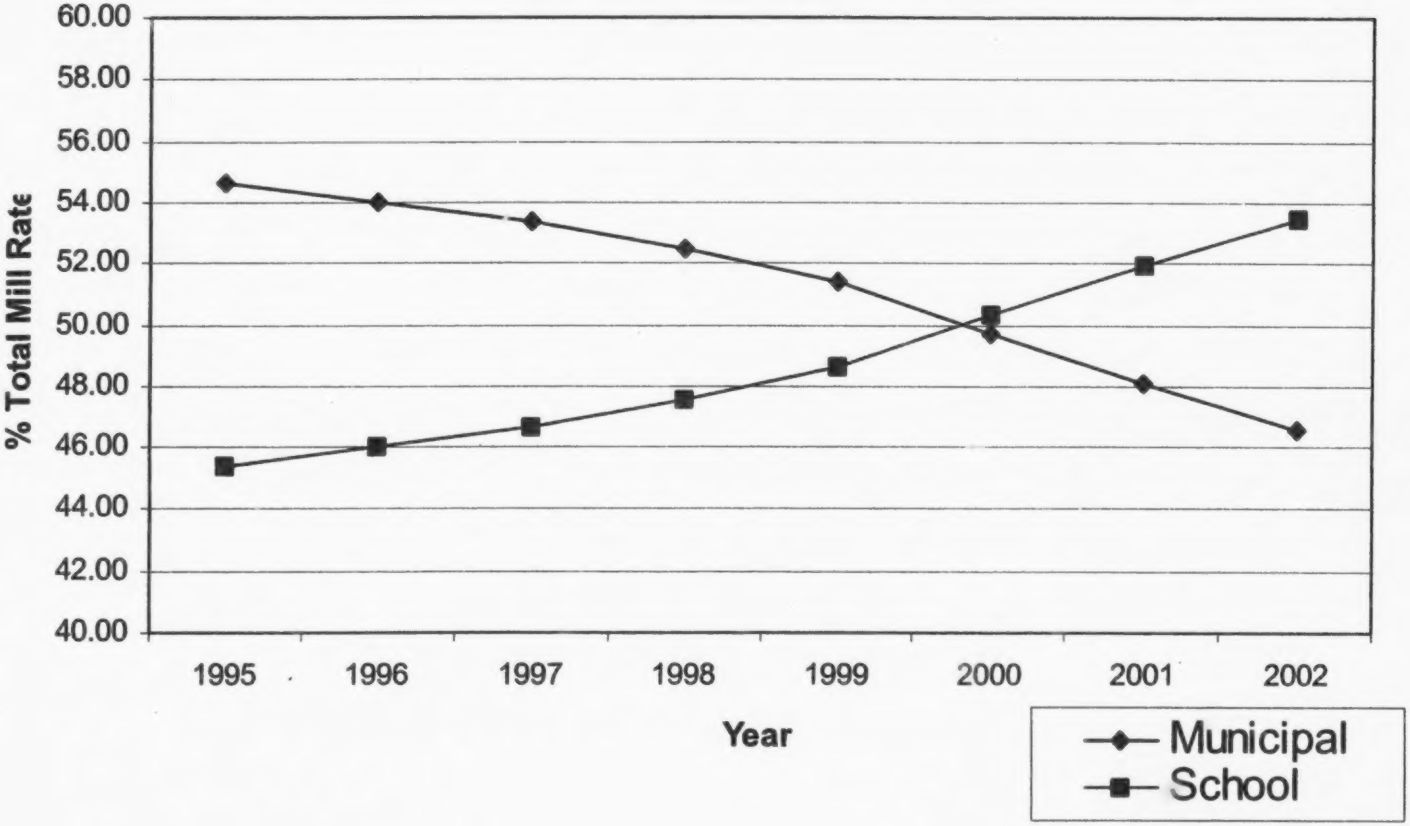
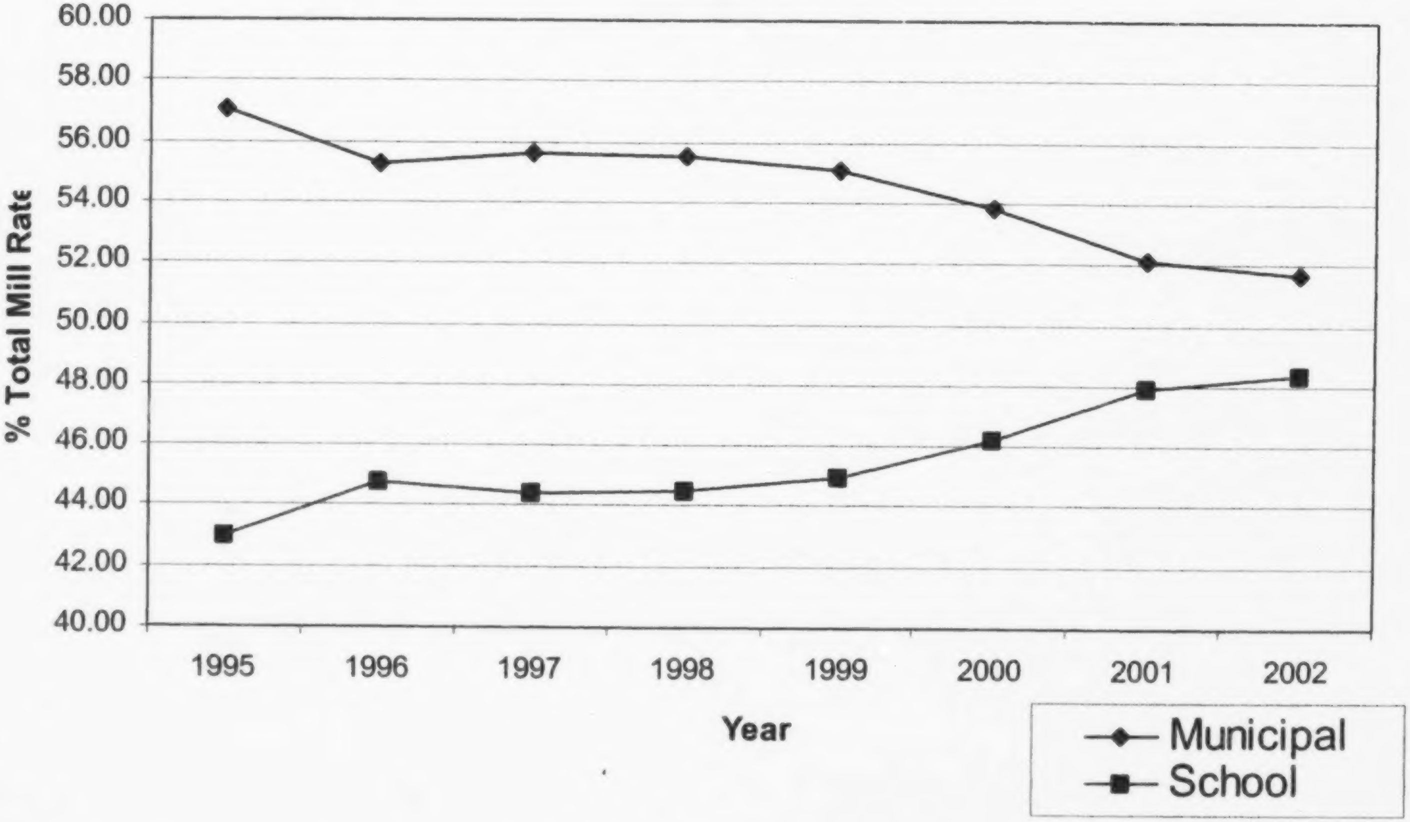
Seven Oaks School Division # 10
Residential Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

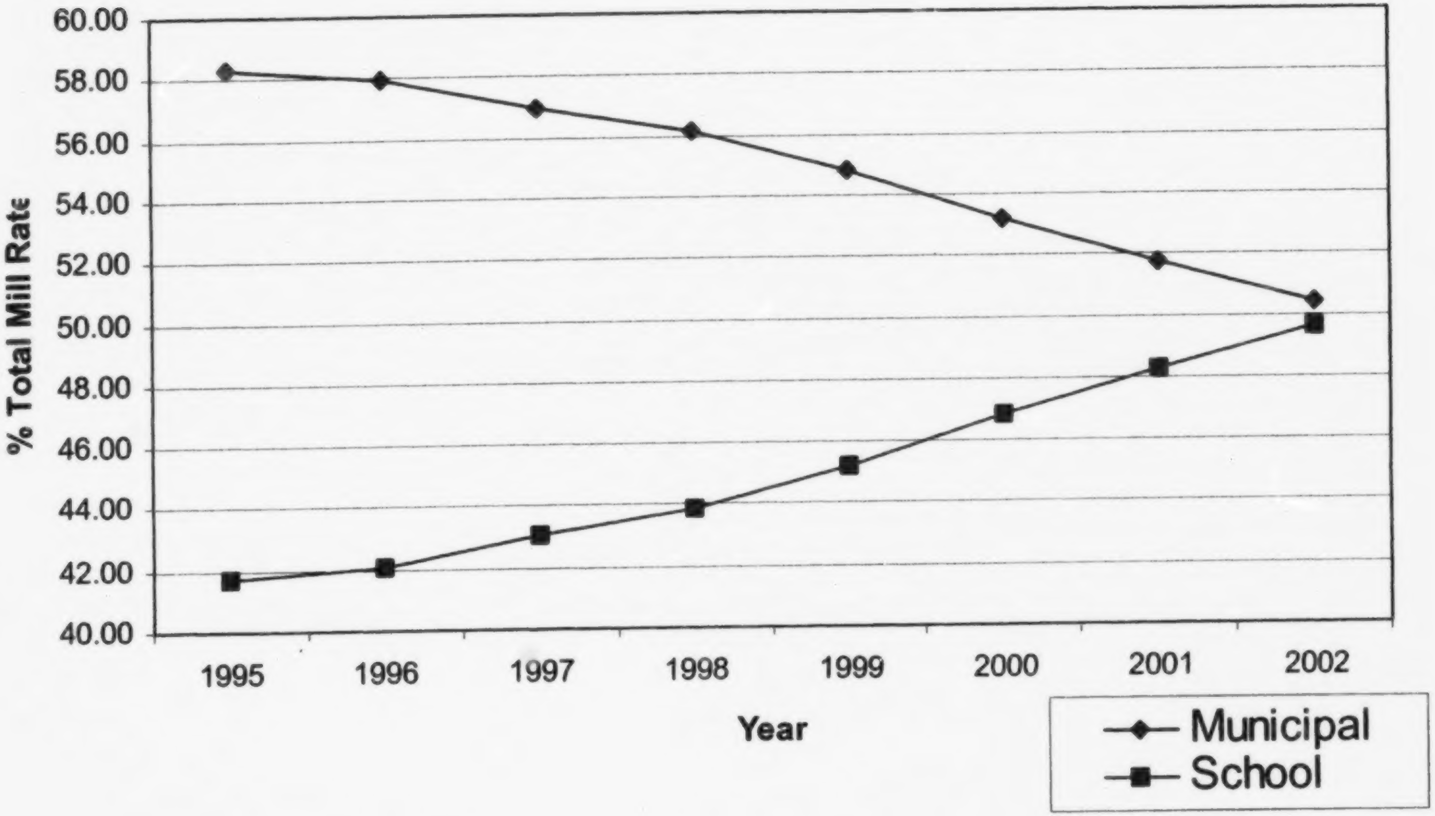
Schedule F, Page 9 of 11

Transcona Springfield School Division # 12
Residential Properties



Schedule F, Page 10 of 11

Seine River School Division # 14
Residential Properties



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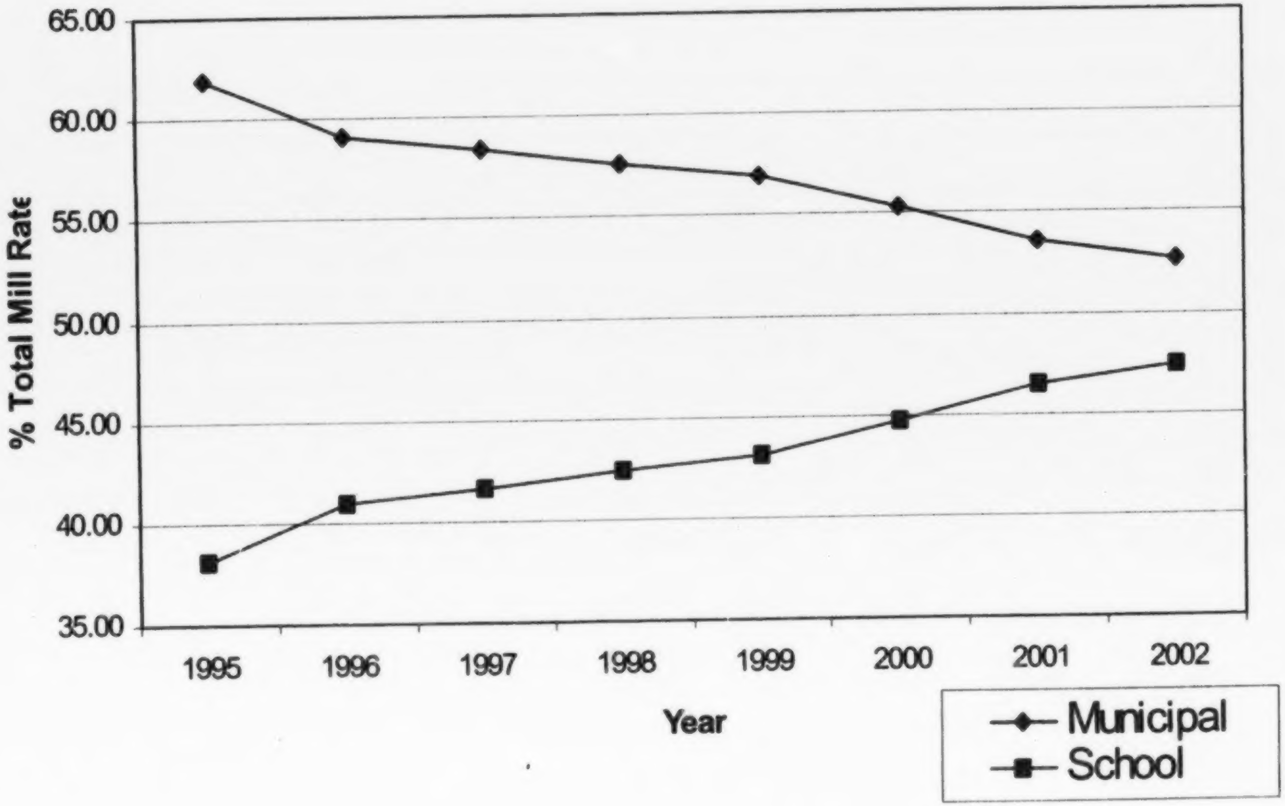
Interlake School Division # 21
Residential Properties



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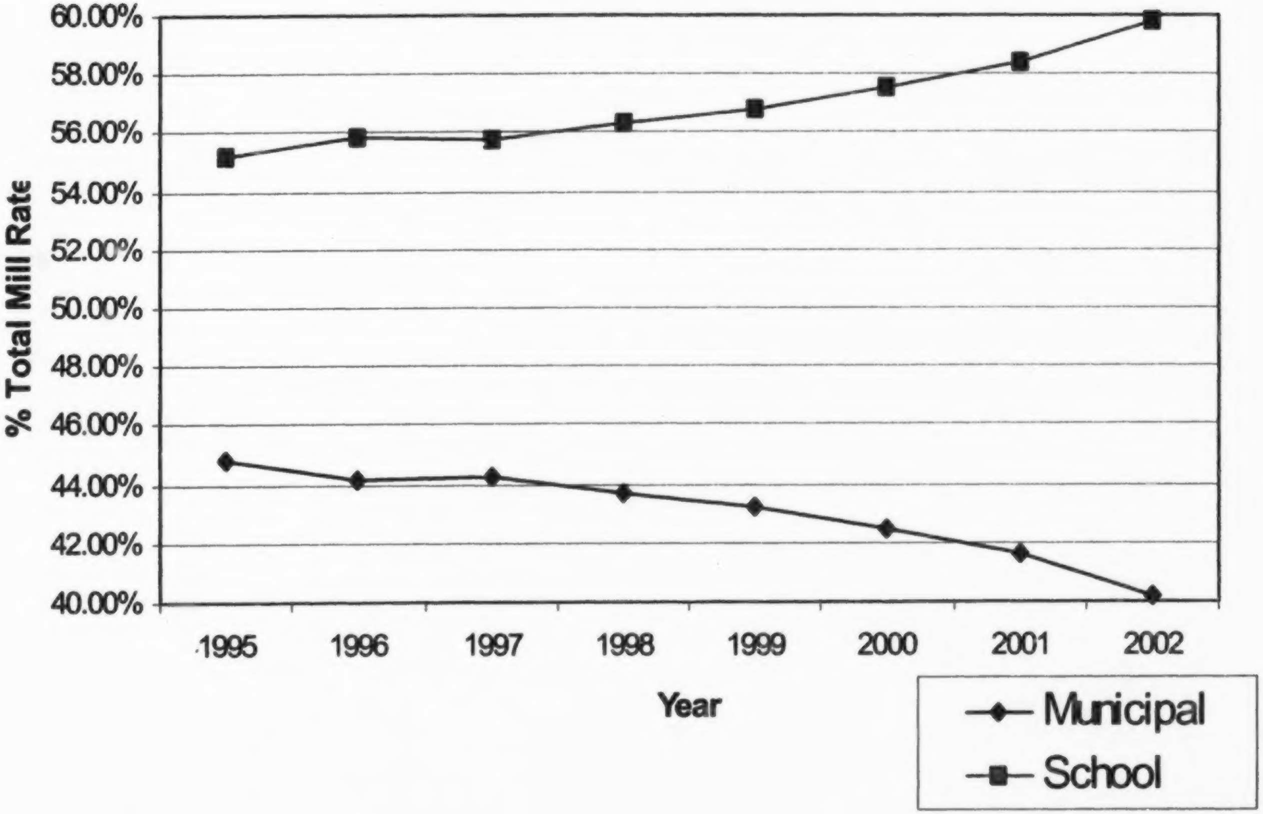
Winnipeg School Division # 1
Other Properties



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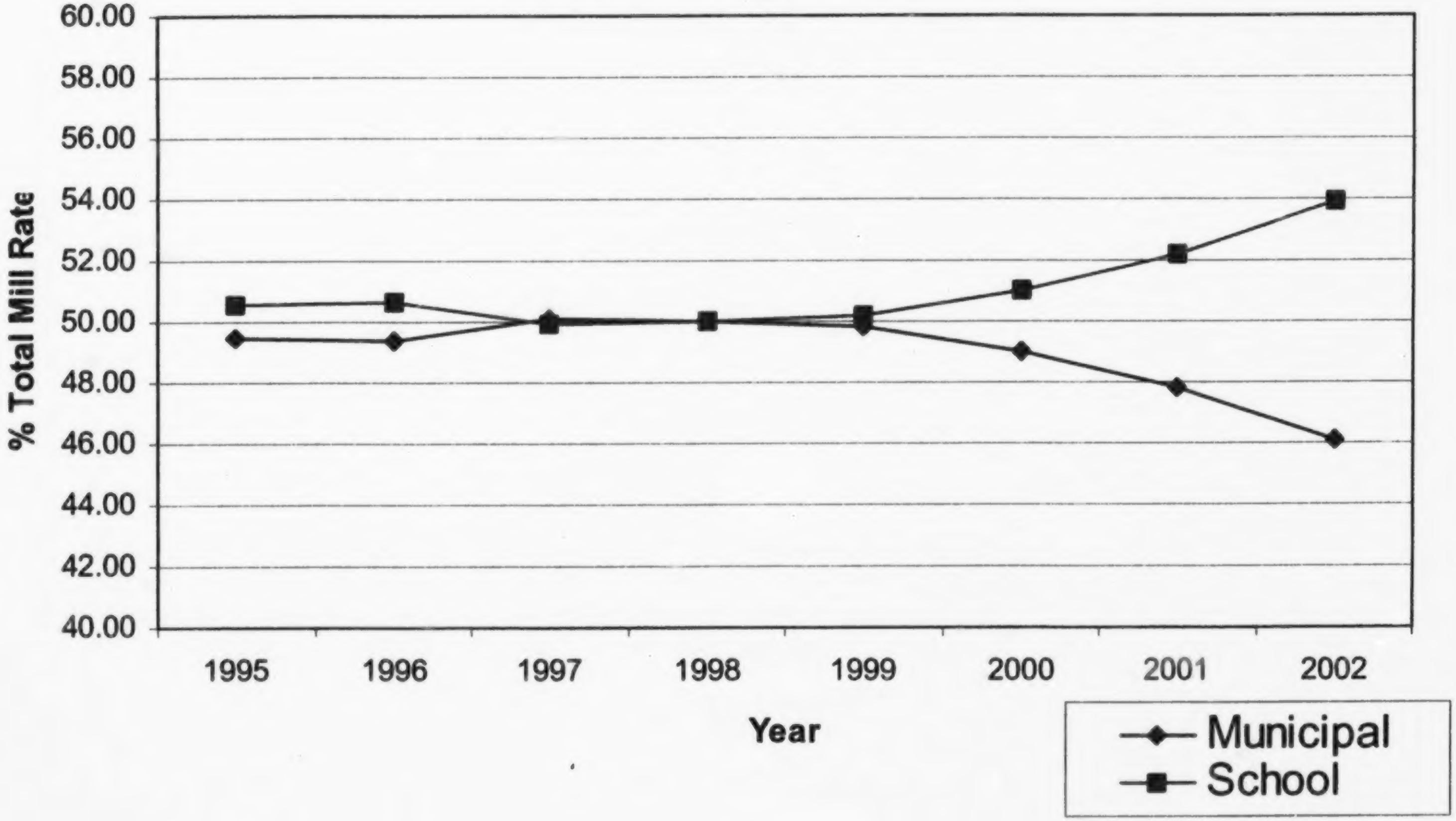
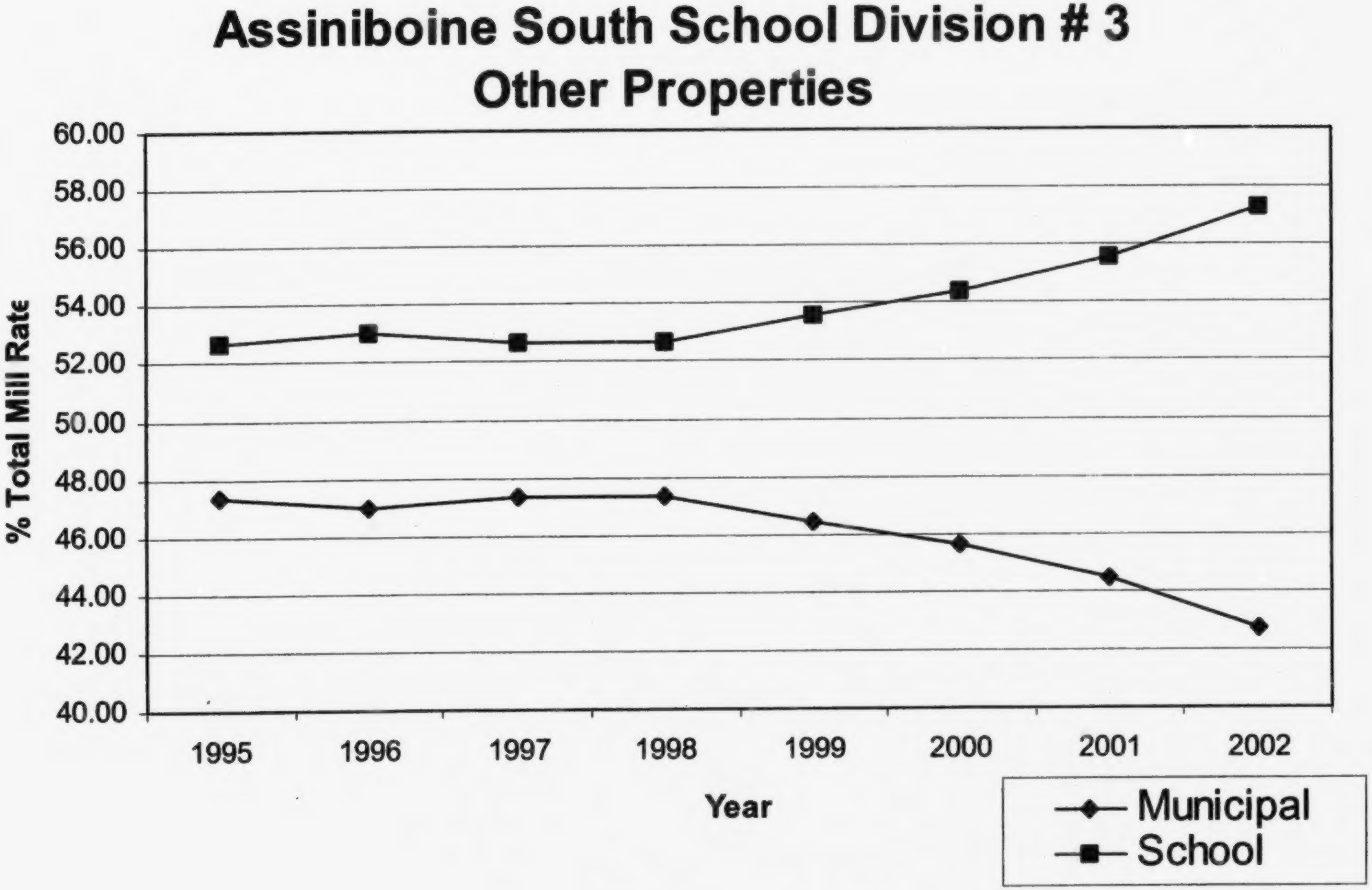
St. James Assiniboia School Division # 2
Other Properties

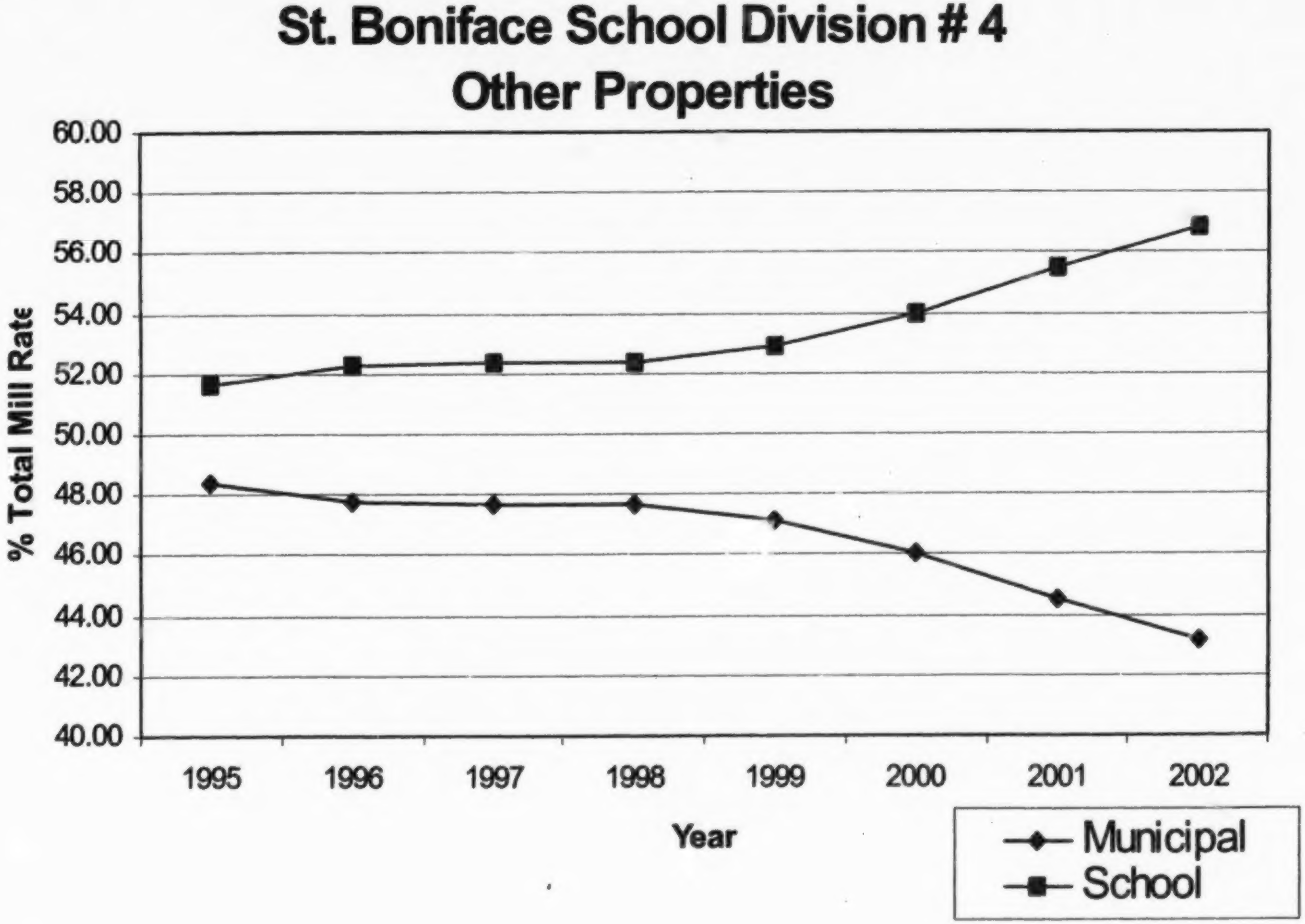


Schedule G, Page 3 of 11



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

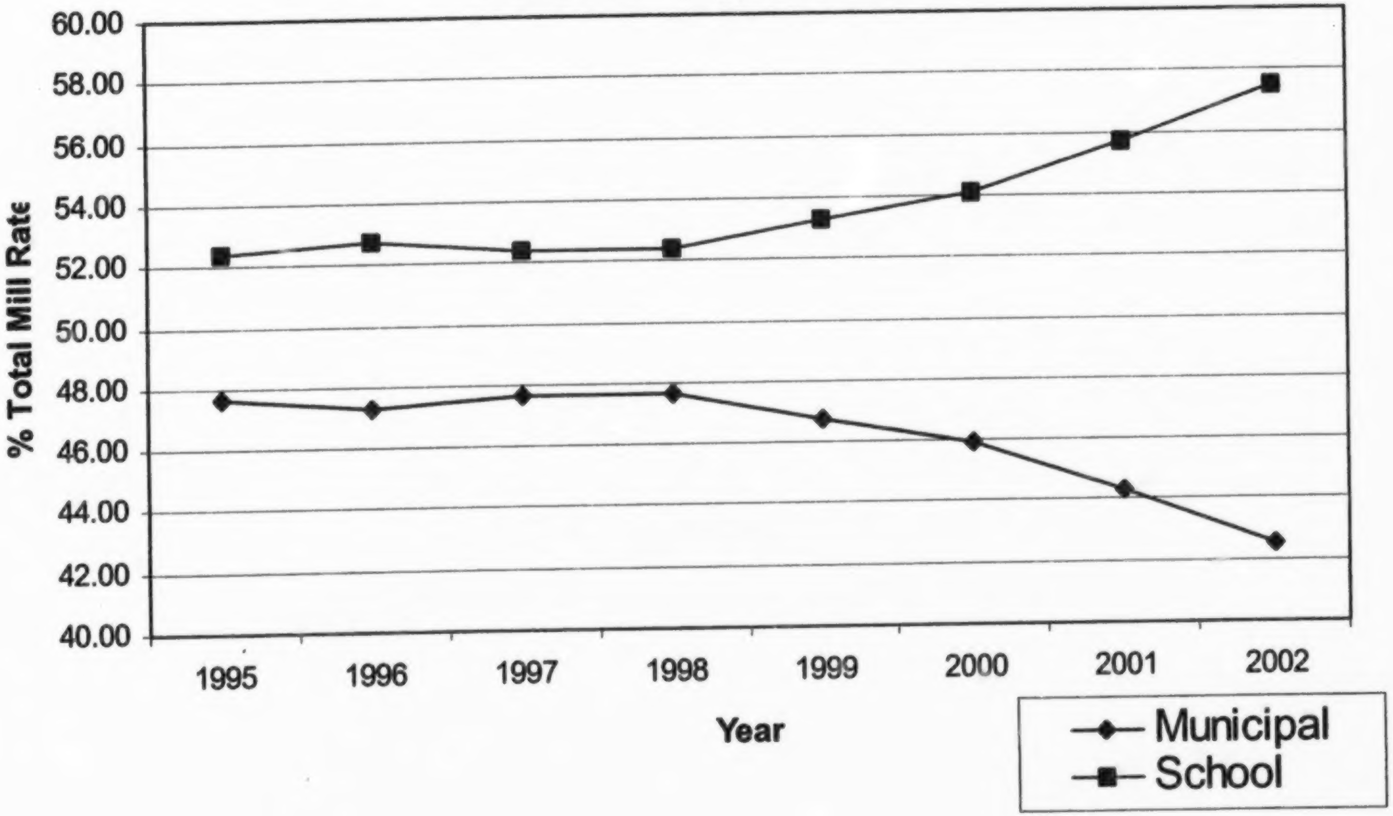
Schedule G, Page 4 of 11



St. Boniface School Division # 4
Other Properties

Schedule G, Page 5 of 11

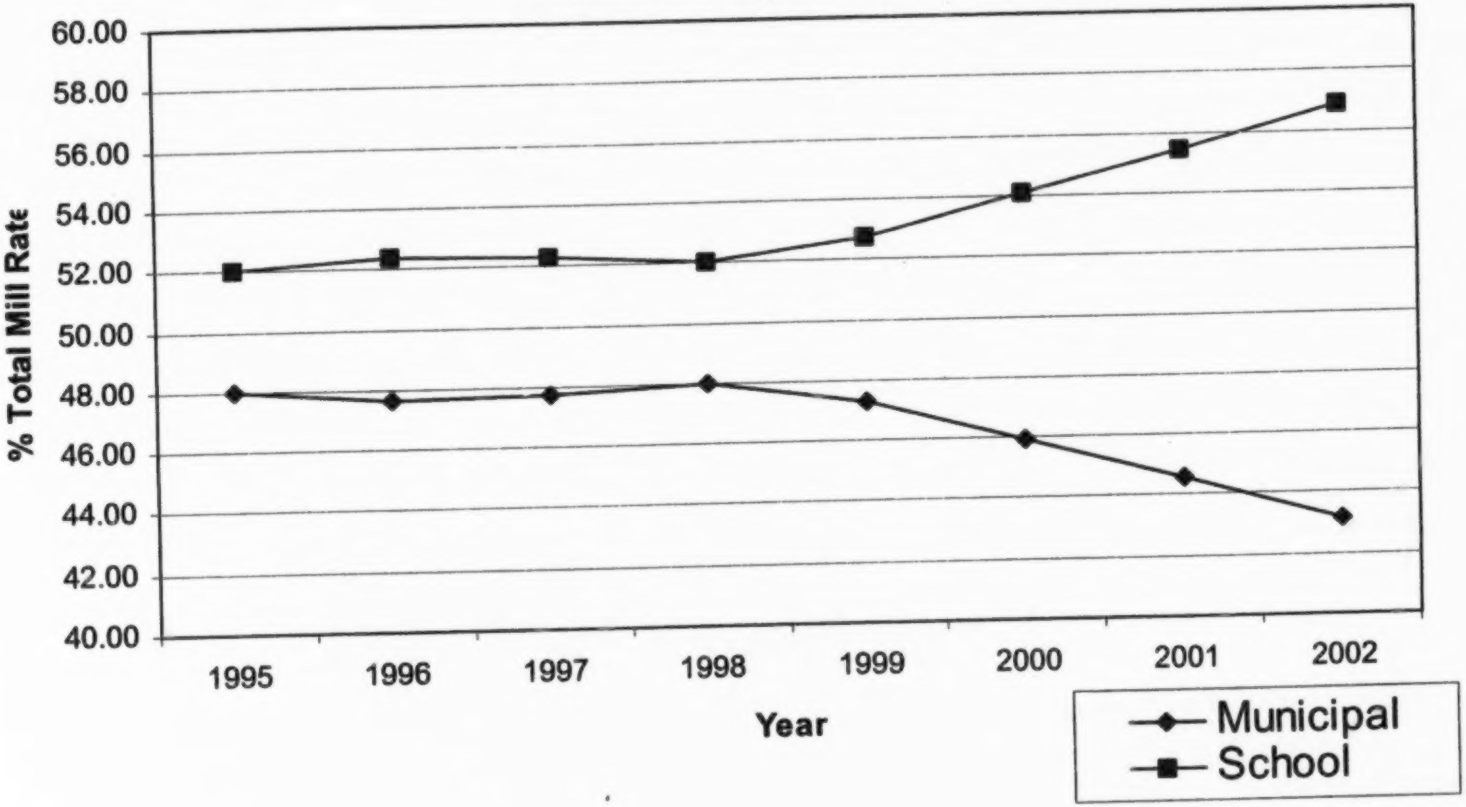
Fort Garry School Division # 5
Other Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

Schedule G, Page 6 of 11

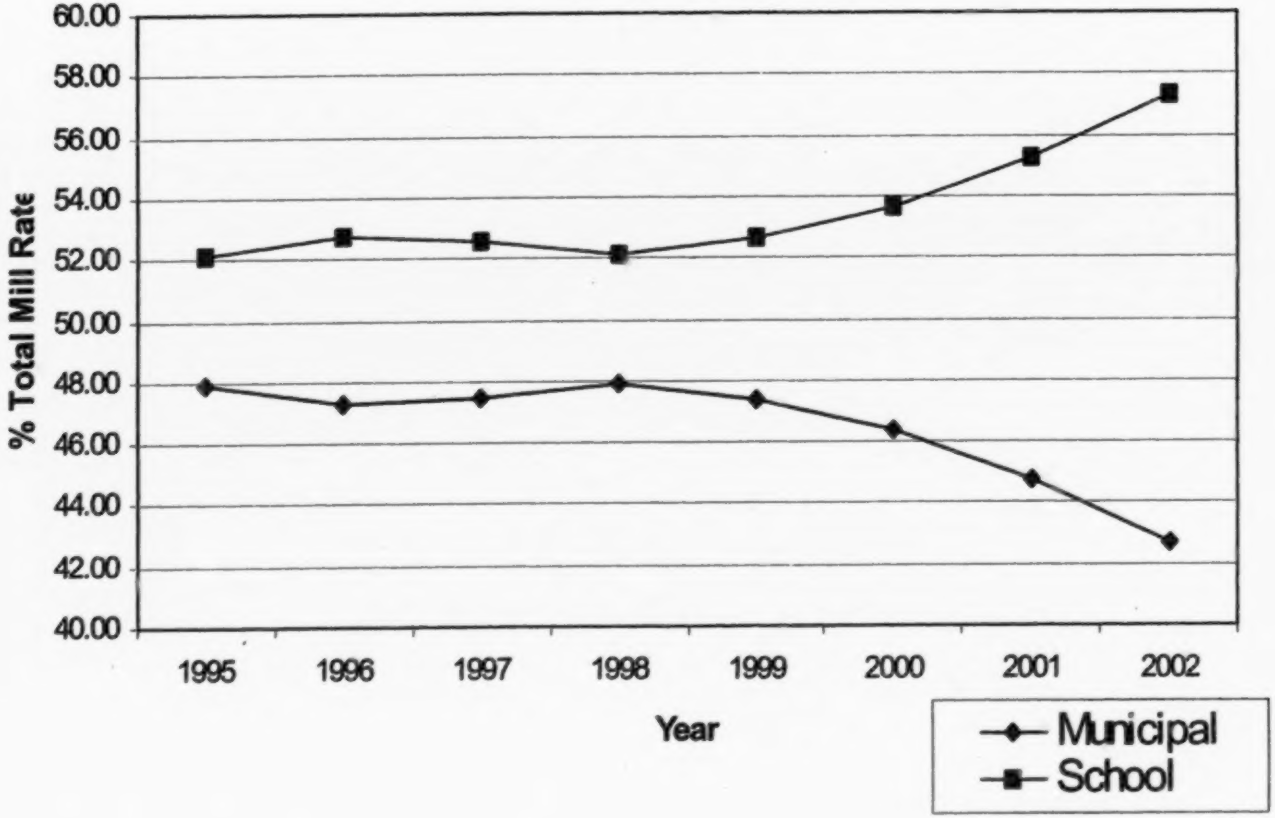
St. Vital School Division # 6
Other Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

Schedule G, Page 7 of 11

River East School Division # 9
Other Properties



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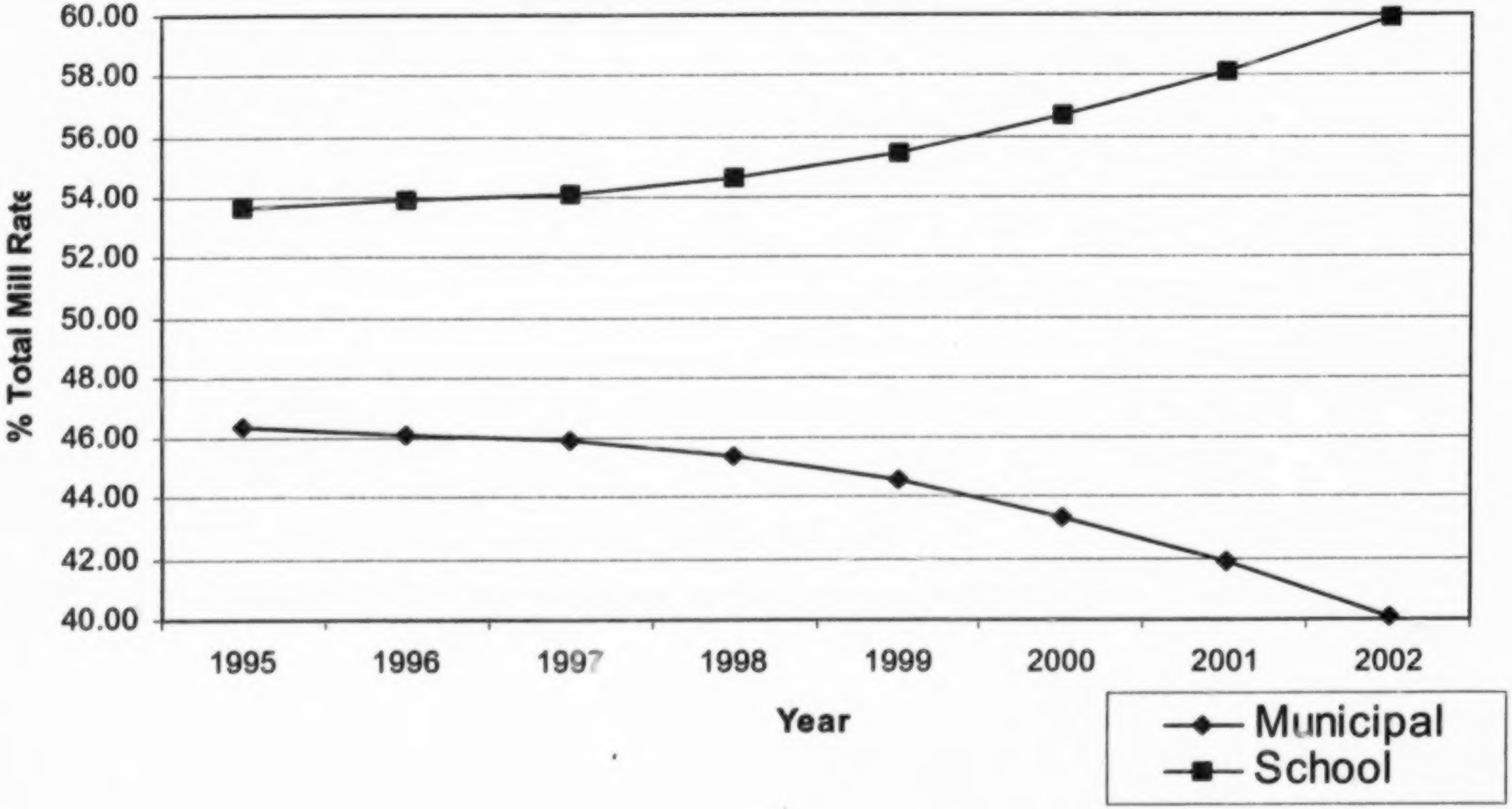
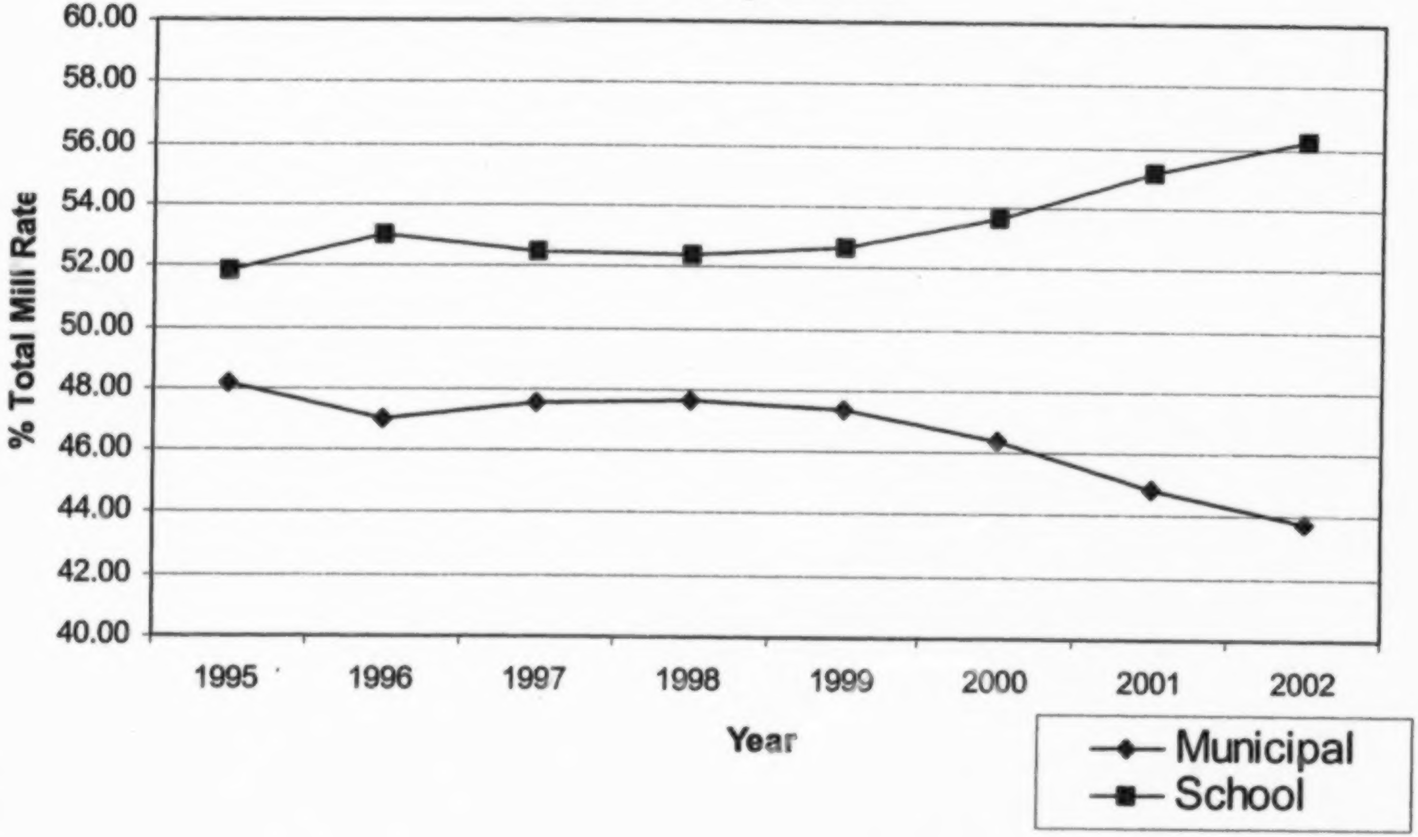
Seven Oaks School Division # 10
Other Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

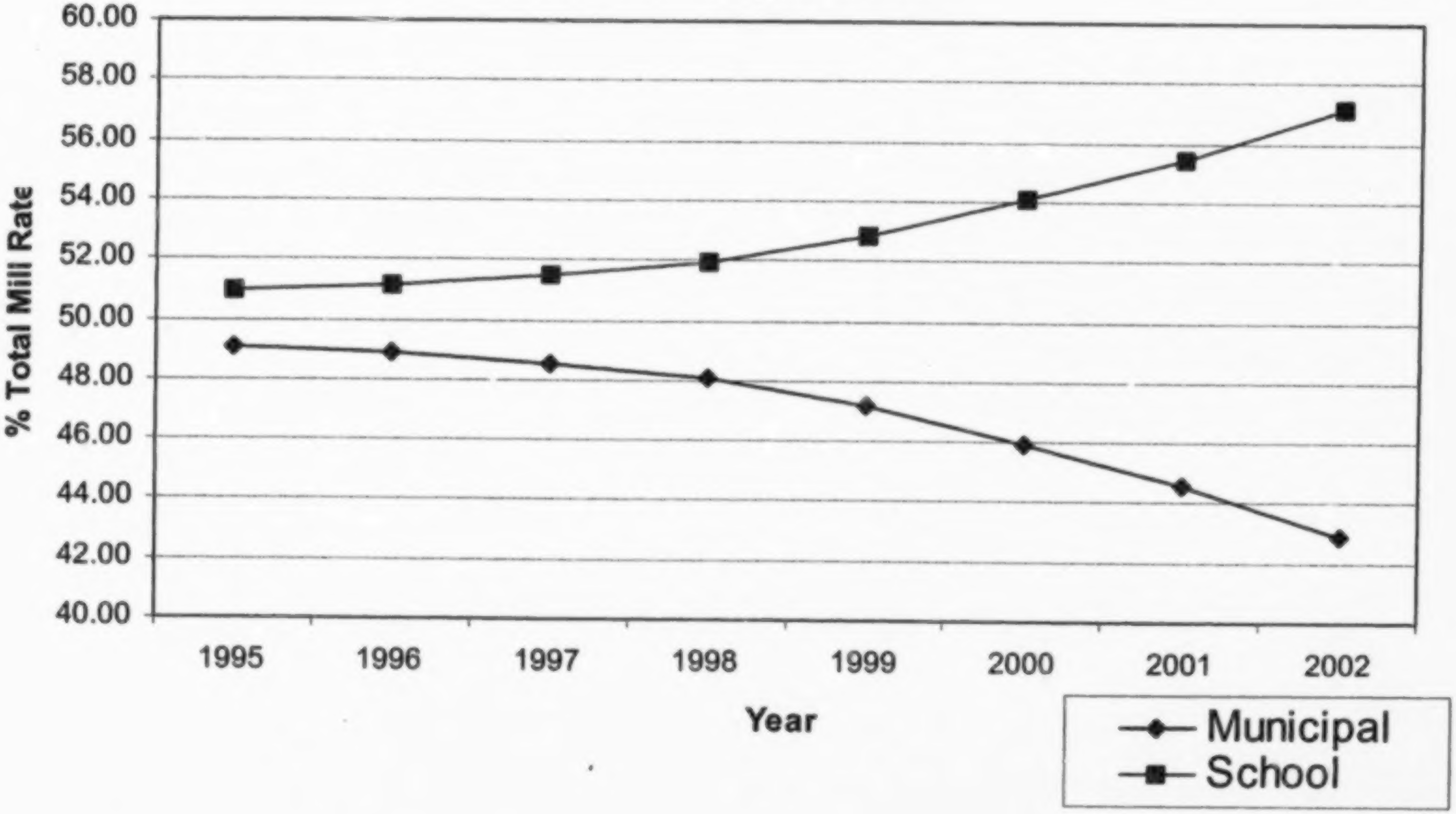
Schedule G, Page 9 of 11

Transcona Springfield School Division # 12
Other Properties



Schedule G, Page 10 of 11

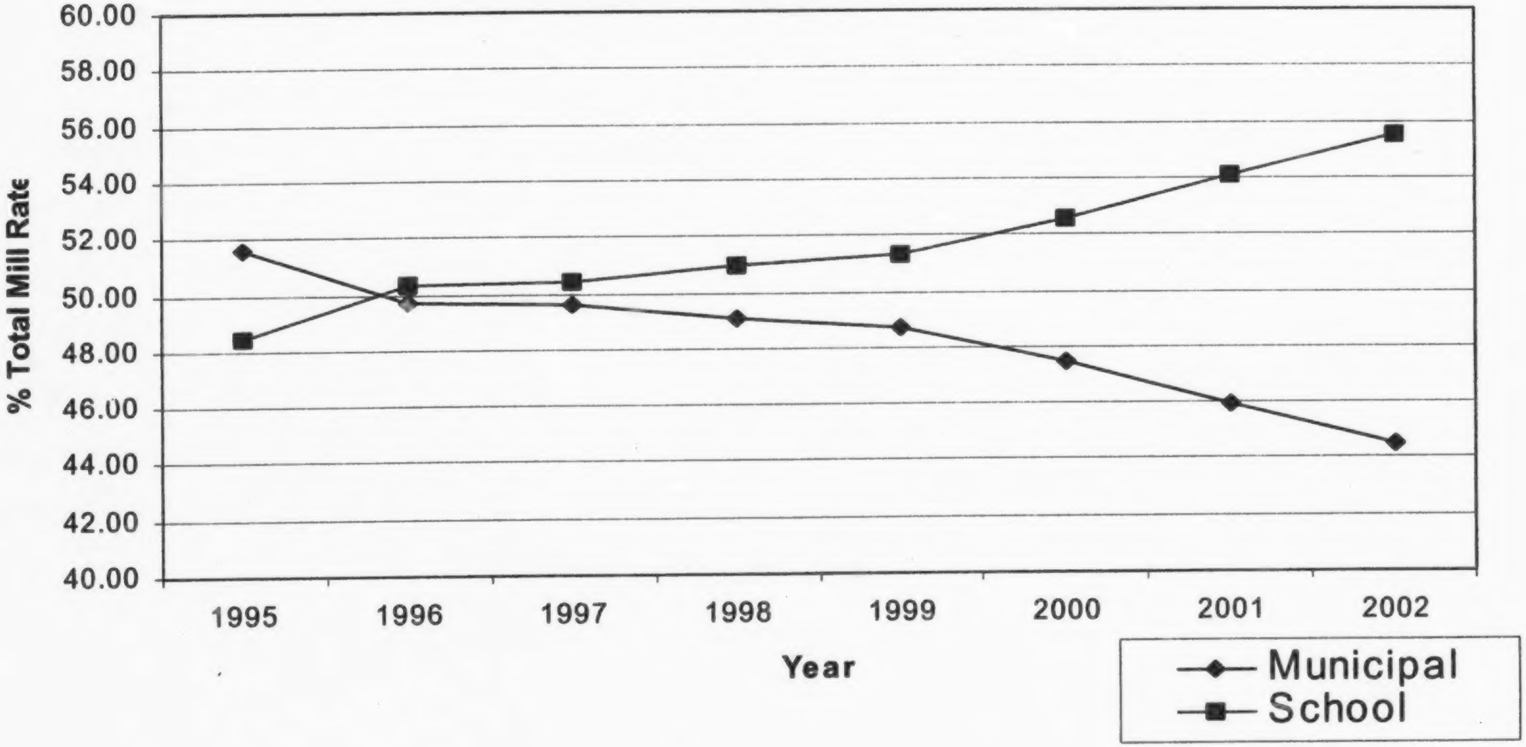
Seine River School Division # 14
Other Properties



APPENDIX F – *2002 School Tax Levies and Mill Rates* (cont'd)

Schedule G, Page 11 of 11

Interlake School Division # 21
Other Properties



Re: 2002 School Tax Levies and Mill Rates

For submission to: Executive Policy Committee

Submitted by: City Treasurer

Report date: March 15, 2002

In Camera Item: No

Recommendation(s):

That in compliance with the mandatory provisions of *The Public Schools Act*, Council pass a by-law required to fix and impose taxes sufficient to meet that portion of the cost of education required to be raised through levies on assessable property within the City of Winnipeg in 2002.

Report Summary

Key Issues:

- Property taxes for school levies in Winnipeg will total $414,139,947 in 2002 which is $18,735,852 or 4.7% more than in 2001.

- The City's eleven School Divisions' Special Levy requirements total $289,395,053, an increase of $21,303,147 or 7.9% and range from a 4.1% increase in the Transcona-Springfield School Division Number 12 to a 11.5% increase in the St.James-Assiniboia School Division Number 2 (excludes a 1.1% decrease in the Interlake School Division Number 21).

- The corresponding Special Levy mill rate changes differ from the levy requirements due to increases/decreases in the assessment base for each school division. These mill rate changes range from a 2.5% decrease in the Transcona-Springfield School Division Number 12 to a 4.6% increase in the River East School Division Number 9.

APPENDIX F –
2002 School Tax Levies and Mill Rates (cont'd)

Report

Recommendation(s):

That in compliance with the mandatory provisions of The Public Schools Act, Council pass a by-law required to fix and impose taxes sufficient to meet that portion of the cost of education required to be raised through levies on assessable property within the City of Winnipeg in 2002.

Reason for the report:

Section 184 of The Public Schools Act requires Council of the City of Winnipeg to fix and impose an Education Support Levy tax. Section 188 similarly requires the fixing and imposition of an Education Special Levy.

History:

The attached Schedules "A" to "G" are pertinent to the subject by-law and include information in comparison with that for prior years.

Discussion:

The amounts required to be raised by Council include the City's share of the Province's Education Support Program, and the additional requirements of the eleven School Divisions which serve Winnipeg - such additional requirements ("special levies") representing portions of their costs which have been determined to be entirely the City's responsibility to collect, i.e. those parts of a school division's expenditures which do not qualify for Provincial government assistance under its province-wide support Program.

Some of the more significant results of the provisions for provincial/municipal sharing of school costs in 2002 as they apply to Winnipeg are hereunder itemized:

(1) Property taxes for school levies in Winnipeg will total $414,139,947 in 2002 which is $18,735,852 or 4.7% more than in 2001 (Schedule "A").

(2) The Provincial Education Support Levy for all Residential Property owners decreased by $7,180,818 or 11.9%. This decrease levy requirement corresponds to a 15.7% decrease in the Residential Education Support mill rate in 2002 (Schedule "A").

(3) The Provincial Education Support Levy for Other (non-residential) property owners has increased by $4,613,523 or 6.9%. This increase levy requirement corresponds to a 4.5% decrease in the Other Education Support mill rate in 2002 (Schedule "A").

APPENDIX F –
2002 School Tax Levies and Mill Rates (cont'd)

(4) The City's eleven School Divisions' Special Levy requirements total $289,395,053, an increase of $21,303,147 or 7.9% and range from a 4.1% increase in the Transcona-Springfield School Division Number 12 to a 11.5% increase in the St.James-Assiniboia School Division Number 2 (excludes a 1.1% decrease in the Interlake School Division Number 21). (Schedule "A").

The corresponding Special Levy mill rate changes range from a 2.5% decrease in the Transcona-Springfield School Division Number 12, to a 4.6% increase in the River East School Division Number 9.

(5) Since 1995, the municipal share/ratio of the total mill rate (municipal and combined school and education support levy) for Residential property has been steadily decreasing across all school divisions. Overall, the municipal ratio ranges from a high 54.98% to a low of 46.58% (Schedules "E", "F" and "G").

The Winnipeg School Division Number 1 has had a higher levy than the municipal levy since 1999 and the Seven Oaks School Division Number 10 has had a higher levy than the municipal levy since 2000. For 2002, the Fort Garry School Division Number 5 will also have a levy that is greater than the municipal levy. This is due primarily to the reduced assessment in that school division as a result of provincial changes to the classification and portioning of universities.

(6) For comparison purposes, the 2002 municipal mill rate has decreased by 7.6% from 32.140 in 2001 to 29.686 in 2002.

APPENDIX G –

Provincial Education Support Levy Collected from and Percentage Returned to Winnipeg Taxpayers

School Division Number	School Division Name	Special Levy is: Total Requirement	Total Muncipal per FRAME Special Levy page 55	Percentage from Wpg Municipality prorated	Education Support Levy per FRAME page 55	Estimated Support Levy from Winnipeg prorated based on the Special Levy	How much of the School's Finance Program is given back to Winnipeg School's? School's Fin. Prog - FRAME page 43	Provincial School Finance Program to Wpg schools
1	Winnipeg	96,078,140	96,078,140	100.00%	45,833,858	45,833,856	114,789,100	114,789,100
2	St. James	21,233,926	21,992,998	96.55%	16,438,040	15,870,693	29,930,316	28,897,293
3	Assiniboine	18,867,673	18,936,415	99.64%	8,055,400	8,026,158	18,945,440	18,876,665
4	St. Boniface	13,677,706	17,708,060		9,880,019		19,965,688	
4	Norwood / St. B.	3,909,149						
		17,586,855	17,708,060	99.32%	9,880,019	9,813,763	19,965,688	19,829,030
5	Fort Garry	21,932,936	21,932,937	100.00%	12,401,403	12,401,404	20,973,723	20,973,724
6	St. Vital	19,261,911	19,410,203	99.24%	9,212,760	9,142,375	35,167,418	34,898,742
9	River East	18,969,846	23,670,663	80.14%	11,007,715	8,821,865	48,331,508	38,733,231
10	Seven Oaks	17,994,762	20,299,805	88.64%	8,190,677	7,260,626	33,217,040	29,445,245
12	Transcona	10,768,393	16,093,744	66.90%	8,741,002	5,847,556	30,027,686	20,087,922
14	Seine River	1,826,942	8,011,144	22.81%	3,499,358	798,029	14,823,583	3,334,909
21	Interlake	8,311	6,442,000	0.13%	3,004,951	3,877	13,685,154	17,656
	Total Special Levy	244,527,697	270,576,109			123,820,003	379,656,656	329,883,518

Total Education Support Levy paid from 1999 tax levy - City Collects	**124,455,411**		
Difference between 1999 actual payments	(635,408)		
Provincial Education Support Levy Total per FRAME (pg. 55)	**199,234,114**		
Percentage that Winnipeg property owner's contribute to the Provincial Educ. Support	62.05%		
Total School's Finance Program per FRAME for all Provincial school divisions (pg. 43)			696,933,163
Percentage that Winnipeg property owners' receive back in education support to Wpg schools			47.33%
Estimated funds that were returned to Winnipeg schools based on levy dieribution			**94,304,668**
Percentage of Students in Winnipeg School Divisions to the Provincial Total Student Population		96,031 vs 179,161	53.6%
Estimated funds that were returned to Winnipeg schools based on student population (pg. 8)			**106,789,485**

Source: *Frame Report 1999/2000 Budget, Manitoba Education and Training*
Annual Report of The Public Schools Finance Board

Prepared by:
Taxation Revenue Division

5/24/2002

APPENDIX G –
Provincial Education Support Levy Collected from and Percentage Returned to Winnipeg Taxpayers (cont'd)

ANALYSIS: Provincial Education Support Levy Collected from and Percentage Returned to Winnipeg Taxpayers

- In 1999, the taxpayers in the City of Winnipeg paid **$124, 455,411** of the Provincial Education Support Levy total of $199,234,114 or **62.05%.**

- The amount of Provincial Support Levy collected for those properties in the City of Winnipeg was calculated by prorating the amount of School Division Special Levies collected. This was necessary as several School Divisions have taxable properties outside City boundaries and the Frame Report only reports on a School Division breakdown.

- The prorated percentage calculation, by School Division in the City, was then applied to the amount of money funded to each School Division from the Province's School Finance Program. This amount was then compared to the Province's total School Finance Program funding and the percentage the City taxpayers receive was calculated. This percentage is **47.33%.**

- To calculate how much of the Provincial Education Support Levy total of $199,234,114 was potentially returned to City taxpayers, this total was multiplied by the School Finance Program funding percentage. The amount potentially returned was **$94,304,668.**

- The same calculation was made based on student enrolment. In 1999, the City of Winnipeg had **53.6%** of the Provincially Supported Actual Pupil Enrolment population.

- To calculate how much of the Provincial Education Support Levy total of $199,234,114 was potentially returned to City taxpayers based on Pupil Enrolment, this total was multiplied by the Pupil percentage. The amount potentially returned was **$106,789,485.**

- **To summarize**, in 1999 City taxpayers paid **$124, 455,411** of the Provincial Education Support Levy and received in return only **$94,304,668** (based on School Finance Program funding) or **$106,789,485** (based on Pupil enrolment). Please note this is an estimate as the Province does not uniquely account for the $199,234,114 and its distribution back to all School Divisions.

APPENDIX G –
Provincial Education Support Levy Collected from and Percentage Returned to Winnipeg Taxpayers (cont'd)

- Upon reviewing the above information, the funding that City taxpayers received in return ranged from 75.7% to 85.7%. Looking at this from another angle, City taxpayers subsidized education in rural Manitoba from 14.3% to 24.3% in 1999, depending on whether the return was calculated based on pupil enrollment or school finance board funding.

- The Public Schools Finance Board receives its revenue from both the Municipality's collection of the Provincial Education Support Levy and the Province's School Finance Program (personal and corporate income tax). They combine these two revenue sources prior to its distribution.

- The Province believes it is only fair that City taxpayers 'subsidize' the balance of the Province as the School Divisions in the City have access to a significant assessment base not available to other School Divisions. They consider this larger base as an advantage to the City Divisions in their ability to raise revenue though their special mill rate.

APPENDIX H –
1999 Provincial Comparison of Funding Sources for Education

	A	B	(A + B) C	D	(B + D) E
Province or Territory	Locally Levied Property Tax % of Total	Provincially Levied Property Tax % of Total	Total Portion of School Funding Raised From Property Taxation % of Total	Provincial General Revenue Contribution to Education Cost % of Total	Total Provincial Share of Education Cost % of Total
British Columbia	0	29.6	29.6	70.4	100
Alberta	5	33	38	62	95
Saskatchewan	61.6	0	61.6	38.4	38.4
Manitoba	34	17	51	49	66
Ontario	0	43.5	43.5	56.5	100
Quebec	22.9	0	22.9	77.1	77.1
New Brunswick	0	0	0	100	100
P.E.I.	0	0	0	100	100
Nova Scotia	19	0	19	81	81
Newfoundland	0	0	0	100	100
Northwest Territories	8.1	3.1	11.2	88.8	91.9
Yukon Territory	0	0	0	100	100
Nunavut	0	0	0	100	100

Source: July 2000 Survey of Provincial and Territorial Departments of Education prepared by Saskatchewan Education.

(40) Institutional Property

The class of property known as Institutional Property consists of the following:

a) land and buildings, or any portion of land and buildings, that are exempt from taxation under clauses 22 (1) (b) to (l) of the Municipal Assessment Act, with the exception of any property of a university that is classified as Residential 1 or Residential 2;

b) land and buildings, or any portion of land and buildings, that are exempt under subsection 23 (1) of The Municipal Assessment Act from taxation for school purposes;

c) land that is contiguous to, and is used with, a use referred to in clauses (a) and (b), including land that is not entitled to the tax exemption;

d) a building, or portion of a building, that is used as a nursing home or personal care home and land that is contiguous, to the extent that it is used solely in conjunction with the home;

e) land and buildings, or any portion of land or buildings, that are licensed or approved as a residential care facility under The Social Services Administration Act or The Child and Family Services Act;

f) a correctional institution, as defined under The Corrections Act, and a place or facility that is designated by the Lieutenant Governor in Council, or by his or her delegate, as a place of open custody or secure custody under the Young Offenders Act (Canada), including contiguous land to the extent that it is used for the purposes of the institution, place or facility; psychiatric facilities that are designated under, or mentioned in, The Mental Health Act.

Application for Exemption from Taxation Under Chapter M226 of the Municipal Act (The Municipal Assessment Act)

- All information to be provided through and signed by a person in a position of authority.
- State the exemption applied for and the section of subsection under which application is made.
- If owned by a corporation or society, attach a copy of the Act of Incorporation.
- If held in trust, attach a copy of the Trust agreement.
- Include a declaration regarding the use of the property for exempt purposes. State whether the entire property or a portion of it is so used.
- Provide specific detail of space or area within buildings used for purposes claimed as basis for exemption.
- Provide specific detail of land used for purposes claimed as basis for exemption.
- Attach a copy of the occupancy permit or other evidence of zoning authority approval of occupancy for purposes used as basis of claim for exemption; or in the case of an application for exemption from school taxes in respect of a home for the aged or infirm or housing accommodation for the elderly and infirm, a copy of the license granted by The Manitoba Housing and Renewal Corporation.
- Attach a copy of registered charity number as defined in the Income Tax Act.
- Provide a copy of Articles of Incorporation.
- Provide a letter stating the date of dedication.
- Provide a copy of the By-Laws.
- Provide the address of the previous location (if applicable).
- Provide a copy of the License that the daycare operates under The Community Child Day Care Standards Act.

1999 Exempt Taxes

Owner	Portioned Assessment	% of Total	1999 Municipal Tax
Unknown	200,550	0.01%	$ 6,700
Private Schools & Colleges	51,183,540	3.59%	1,713,600
Churches	124,793,610	8.74%	4,178,000
Hospitals	162,307,110	11.37%	5,433,900
Cemeteries	5,583,180	0.39%	186,900
NTR Railway	5,516,220	0.39%	184,700
Miscellaneous	34,164,590	2.39%	1,143,800
Non-Profit Daycare	5,247,390	0.37%	175,700
Government of Canada	1,562,920	0.11%	52,300
Fresh Water Fish	68,580	0.00%	2,300
Provincial Government (30)	6,008,510	0.42%	201,200
Provincial Government (31)	1,874,890	0.13%	62,800
Legislative Building *	34,857,200	2.44%	1,167,000
Manitoba Centennial Corp.	38,201,350	2.68%	1,278,900
MHRC	4,905,720	0.34%	164,200
Manitoba Hydro	780,000	0.05%	26,100
St Boniface College	6,977,750	0.49%	233,600
School Division	406,144,880	28.45%	13,597,300
Property owned by R.M. of Rosser	36,050	0.00%	1,200
Miscellaneous	34,645,370	2.43%	1,159,900
Private School	1,277,900	0.09%	42,800
Historical Buildings	519,030	0.04%	17,400
SUB TOTAL	**926,856,340**	**64.93%**	**$ 31,030,200**
City General	109,438,300	7.67%	3,663,900
City Engineering	5,716,440	0.40%	191,400
City Waterworks	587,840	0.04%	19,700
City Waterworks Reservoirs & Pumping Stations	32,915,600	2.31%	1,102,000
City Sewage Disposal	38,186,540	2.68%	1,278,400
City Street Widening	17,454,040	1.22%	584,300
City Transit	16,742,710	1.17%	560,500
City Wpg Hydro	14,887,210	1.04%	498,400
City Urban Renewal	1,041,570	0.07%	34,900
City Parks	248,976,150	17.44%	8,335,500
City Property Acquired in Tax Sale	13,756,550	0.96%	460,600
City Surplus Land	880,700	0.06%	29,500
SUB TOTAL	**500,583,650**	**35.07%**	**$ 16,759,000**
TOTAL	**1,427,439,990**	**100.00%**	**$ 47,789,400**

APPENDIX L –
Tax Exemption (Liability Procedure)

- **LIABILITY OVERVIEW - Property Assessment**

  PROCEDURE

  A letter to the Department or a phone inquiry normally initiates the procedure.
  If a phone inquiry is received, the person is asked for a mailing address and a "Request for Review for a Property Tax Exemption form" is faxed or mailed out to the property owner. In the case of liability, the emphasis is on the property owner to demonstrate that they qualify for an exemption and under what section of the Act. As such, there is certain information that they are required to supply (see Guidelines for Application for Exemption from Taxation). After the appropriate documentation is received, an inspection of the premises is arranged. Prior to making a decision, the Department reviews the application and compares it to the Act in order to determine whether it meets the requirements

- **LIABILITY OVERVIEW – Business Tax**

  PROCEDURE

  This procedure is normally initiated by
  - A letter to the Department
  - A phone inquiry
  - A first time inspection of the property

  In the case of liability, the emphasis is on the business owner to demonstrate that they qualify for an exemption under the City of Winnipeg Act. Upon receiving an inquiry a copy of the "Request a Business Assessment Review for Tax Exemption" form is faxed or mailed out to the person.

APPENDIX M –
Centennial Projects Tax Status Act-Property Listing

Centennial Projects Tax Status Act – Property Listing

ADDRESS	NAME	2002 ASSESSMENT	2002 MUNICIPAL TAXES (Payable if not exempt)
340 Provencher Bv	Centre Cultural Franco-Manitobain	3,713,000	$ 71,646
380 Memorial Bv	Winnipeg Art Gallery	7,889,000	$ 152,225
380 Graham Av	Royal Winnipeg Ballet	1,253,000	$ 24,178
Pt 393 Portage Av	Prairie Theatre Exchange (Portage Place)	2,085,000	$ 40,232
100 Arthur St	Artspace (Gault Building)	1,224,000	$ 23,618
174 Market Av	Manitoba Theatre Centre	6,622,000	$ 127,777
529 Main St	Centennial Centre	35,925,000	$ 693,205
Market Av		3,200	$ 62
Rupert Av	Parking Lot	435,200	$ 8,398
141 James St	Warehouse Theatre	815,000	$ 15,726
Rupert Av		76,900	$ 1,484
184 Alexander Av	Ukrainian Cultural & Education Centre	1,038,000	$ 20,029
TOTAL		**$ 61,079,300**	**$ 1,178,580**

APPENDIX N -

The Municipal Board of Manitoba Order - Fort Garry Hotel

THE MUNICIPAL BOARD OF MANITOBA

WINNIPEG, MANITOBA

MANITOBA)Order No. A-02-154
)File Nos. 01A1-0570
THE MUNICIPAL BOARD 01A1-0707

BEFORE: Ms. W. Sigmar, Acting Chair
Ms. L.A. Lavoie, Member
Mr. J. Husiak, Member

IN THE MATTER OF appeals under Section 56(2) of *The Municipal Assessment Act* from the Orders of the Board of Revision of The City of Winnipeg with respect to the 2002 Realty Assessment at Roll No. 12-1-927850/12-092785000 (222 Broadway)

BETWEEN:

3031632 Manitoba Inc.

Appellant,

- and -

Assessor for The City of Winnipeg

Respondent.

AND BETWEEN:

Assessor for The City of Winnipeg

Appellant,

- and -

3031632 Manitoba Inc.

Respondent.

APPENDIX N -
The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

APPEARANCES:

Mr. Richard E. Olschewski
Counsel
Olschewski & Feuer

Mr. Syd Storey
Syd Storey Consulting Services Inc.

Mr. Joel Rosen
Horwath Consulting

Mr. Richard Bell
Owner

- for 3031632 Manitoba Inc.,

Ms. Paula Hamilton
Counsel

Mr. Michael Colatruglio
Assessor

Mr. Russell Reynolds
Appraiser
- for the Assessor for The City of Winnipeg

HEARING DATES: May 8, 9, and 10, 2002

These are appeals by the Owner and by the Assessor from the November 13, 2002 Order of the Board of Revision of The City of Winnipeg respecting the 2002 Realty Assessment of the property at Roll No. 12-1-927850/12-092785000. The property is located at 222 Broadway. The Board of Revision reduced the assessed value from $13,000,000 to $5,170,000.

The reference year is 1999.

During the course of this hearing, the Board heard from two main witnesses, those being the Appraiser for The City of Winnipeg Assessor, Mr. Russell Reynolds (the "Appraiser") and the Agent for the Owner, Mr. Syd Storey (the "Agent").

The Property:

The subject property is located at 222 Broadway and is commonly known as the Fort Garry Hotel (the "Hotel"). The Hotel is located on the south side of Broadway between Fort Street and Garry Street. The site is rectangular in shape and has a total area of 65,000 square feet.

The subject's improvement consists of an 11-storey Hotel building constructed in 1911 and designated historically significant. The Hotel encompasses the majority of the site. To address concerns over limited parking, a parkade was constructed and completed in 1999. The parkade provides for 65 parking stalls with interior access from the Hotel. There are an additional 65 surface parking stalls located at the south end of the subject site.

The Board Members and both parties conducted an interior inspection of the property on May 9, 2002.

Preliminary Matter:

As a preliminary issue, Counsel for the Owner asked that the Brief filed on behalf of The City of Winnipeg Assessor, be thrown out. Counsel argued that the report was highly prejudicial because the author indicated that the final estimate of value was based on the subject property's condition in 2002.

Counsel submits that the relevant date in regard to condition is 1999 and in that respect the physical condition of the subject property was different from 2002. He suggests that pursuant to the Court of Appeal decision in Broadway Square (**Broadway Square Ltd. vs. Winnipeg City Assessor, [2001] MBCA 114 (C.A.)**), the Board would be required to value the Hotel based on its condition in 1999.

APPENDIX N -
The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

The Board notes that the argument presented by Counsel is not dissimilar from that addressed by the Manitoba Court of Appeal in its decision in **Valley Gardens Apartments Ltd. vs. The Assessor for The City of Winnipeg [1998], 131 Man.R. (2d) 264 (C.A.)**. This decision, in the opinion of the Board, re-affirms the general approach adopted by the Board in previous Board Orders as they relate to which year is to be considered when looking at the physical condition of a property under appeal. With respect to the subject appeal, the Board is of the view that the valuation of the Hotel is to be based on its physical condition in the year under appeal (2002) but with reference to economic conditions as of the reference year (1999).

The Assessor's Position:

The Appraiser has determined the 1999 market value of the subject property to be $14,840,000. As the Assessor did not appeal the assessment to the Board of Revision, Counsel for the Assessor asks that the Board increase the assessment to the original assessed value of $13,000,000.

The Owner's Position:

The Agent has determined the 1999 market value of the subject property to be $1,112,339. Fundamental to the position of the Owner is the effect of the Hotel's history relative to ownership and assessed values. The Agent provides the following historical chronology:

1913-1979	The Hotel is owned by CN Hotels and purportedly sold in 1979 after experiencing 34 years of operational losses.
1979	Sale to the Perrin family for $2.4 million (allocation stated to be $1 million for the Hotel and $1.4 million for the land to the rear of the Hotel). *City of Winnipeg assess Hotel @ $10 million. No taxes paid between 1979 and 1987.*
1987	City of Winnipeg takes title to the Hotel under tax sale.

1988	Sale to Malenfant for $1 million (payable in four installments of $250,000 or a net value of $834,000). Mortgage held by the Leberge family. *Purchase price $1million – Assessment $10 million. Agreement with City of Winnipeg to pay taxes on value of $5 million.* *1991 assessed value by settlement agreed at $5 million.*
1991	Malenfant makes an Assignment in Bankruptcy. 1992 to 1995 – assessed values between $1.6 million and $2.49 million.
1993	Legerge family take title to the subject property.
1994	Leberge family enter into a 50-50 partnership with Rick Bel & Ida Albo.

Valuation Issues:

The subject is a complex property to value. The difficulty is demonstrated by the large disparity in the parties' estimates of market value.

Both parties agree that the proper method of valuation is the Income Approach.

Each party presented an Income Approach, however, the Board accepts the format and methodology as presented by the Appraiser. While the Board accepts the Appraisers methodological approach to value, the Board rejects some of his critical assumptions. The Board adopts the format and 1999 stabilized income figures as outlined in Exhibit No. 1, page 62, subject to adjustments identified in the following areas of dispute. The areas requiring resolution by the Board include:

1) Revenue
    (a) Effect of Pan Am Games on room revenue;
    (b) Complimentary breakfast.

2) Departmental Expenses
   (a) Guest room expense;
   (b) Food and beverage expense.

3) Undistributed Expenses
   (a) Administrative and general expense/Management expense;
   (b) Repairs and maintenance; and
   (c) Reserves for replacement.

4) Capitalization Rate

1(a) Revenue – Pan Am Games

The Appraiser takes the position that the Pan Am Games did not have a measurable impact on the revenues of the Hotel in 1999. He indicates that in 1999 the Hotel experienced lower occupancy levels but enjoyed higher daily rates. So as not to prejudice his analysis, the Appraiser advised that he considered the 1998 statistics and factored them up to a 1999 level.

The evidence of the Agent is that occupancy decreased by 2% in 1999 but that the average daily rates increased to some $160 per day in the months of July and August. The impact of the Pan Am Games, he suggests, was a net increase in gross revenues of $537,000.

Mr. Joel Rosen, called as an expert witness for the Owner, indicated that from his analysis, the Pan Am Games had an impact on the earnings of the property. It was Mr. Rosen's position that the Pan Am Games resulted in a $518,000 increase in revenues and that the direct expense to acquiring this revenue was $27,000. The gross profit of $485,000, in his opinion, was an anomaly and an adjustment to the Hotel revenues would be required.

The Board finds that, based on the evidence offered at the hearing, that the Pan Am Games did have an effect on the revenues of the Hotel in 1999. The stabilized 1999 room revenue will be reduced by $537,000.

APPENDIX N -
The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

1(b) Complimentary Breakfast

The Agent has described the Hotel as a "Bed and Breakfast" lodging facility. This characterization is, in part, due to the fact that, included in the daily room rate, the Hotel provides for complimentary breakfast to all of their room guests. Both parties agree that the cost of the complimentary breakfast should be deducted from revenues.

The Appraiser adjusts his stabilized room revenues by deducting, from his estimated average daily room rate, $5 per available room night to account for this feature.

The Agent suggests that the 1999 annual cost to the Hotel for the complementary breakfast feature is approximately $426,000. He advises that the $426,000 revenue should be allocated to food and beverage revenues and not to room revenues.

The Board finds that the amount of $426,000 be deducted out of the room revenue department and be properly allocated to the food and beverage revenues.

2(a) Guest Room Expense

The Appraiser submits that the actual guest room expenses for the subject property are inordinately high relative to industry standards. He suggests that this is due, in part, to the extraordinary renovations and upgrading and that the situation "is a temporary scenario, one that is largely influenced by internal accounting procedures".

Based on an analysis of four full-service downtown Winnipeg hotels and in conjunction with statistical information regarding "industry averages" for full-service hotels, the Appraiser determines that guest room expenses would typically fall in the 26% to 30% range. The Appraiser stabilizes the subject's guest room expense at 27.5%.

The Agent provides a statement of operations for the Hotel for the years 1995 through 1999. From 1996 to 1999 the guest room expenses were shown to be 37.8%, 37.9%, 39.5% and 37.2% respectively.

APPENDIX N -
The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

The Agent advises that the Hotel has historically performed much higher than average in this area. The figures shown on the statement of operations are actual expenses, and the Agent is of the view that the actual expense should be allowed.

The Board was not directed to specific evidence that would explain why the Hotel's guest room expenses were some 10% higher than industry standards. The Board is satisfied, however, that the subject would experience higher guest room expenses when consideration is given to its age, configuration and inefficient layout relative to modern hotels and to costs associated with providing for services such as off-site fitness club facilities.

The Board finds that the costs incurred to operate the rooms of the subject property, would at minimum be at the high end of any industry average. The Board accepts a stabilized guest room expense of 30% of room revenues.

2(b) Food & Beverage Expense:

As previously discussed, the Board accepts that the food and beverage expenses must be adjusted by $27,000 as it relates to the decision to adjust food and beverage revenues based on the effects of the Pan Am Games.

The Board will deduct $27,000 from the food and beverage expenses.

3(a) Administration & General Expense/Management Expense:

The Appraiser has reviewed the actual 1998 and 1999 administration and general expenses for the Hotel and stabilized the rate at 8% of revenues. He bases this figure on his experience in analyzing some 2000 financial statements wherein he found that, for full-service hotel properties, the administration and general expense was typically at or near 8%. Additionally, the Appraiser has allowed 3% for management which, in his view, is typical for a self-managed hotel.

To support the combined total of 11% for administration and general expense plus management, the Appraiser reviewed four other full service hotels in downtown Winnipeg. The four comparables indicated a range between 8.4 and 16.6%.

The Agent allows 7.9% for administration and general expense and a lump sum figure of $100,000 for management (less than 1%). In discussing the management expense allowance, the Agent indicated that he allowed $100,000 because if he had allowed what he described as the "standard allowance of 4%", then he would have ended up with a negative value for the Hotel.

Mr. Rosen indicated that the Board has always allowed 4% for management and that he was in agreement with this figure.

The Board accepts the Appraiser's position that 8% of revenues is appropriate for the administration and general expense.

There is insufficient evidence, in the Board's view, to diverge from past practice in allowing the 4% management allowance. The Board accepts a management expense equal to 4% of total revenues.

3(b) Repairs and Maintenance Expense:

The Appraiser identifies repair and maintenance expenses as "ongoing maintenance costs associated with the property". He relies on his experience when suggesting that this expense is usually 4% of total revenues. The Appraiser adjusts this "typical" expense allowance, as in his view, the subject's age and historical classification would have to be taken into account. The Appraiser suggests that 4.5% (or $516,826) is an appropriate repair and maintenance allowance for the subject property.

The Agent advises that the actual repairs and maintenance expense in 1999 was $3,412,564. He adjusts this figure to $2,086,822 by isolating what he believes to be an appropriate allowance.

Mr. Rosen, during his testimony, goes further by suggesting that, based on his review of the expenses, the appropriate repairs and maintenance expense should be closer to $1,000,000. It is interesting to note that, in the Owner's rebuttal Brief (Exhibit No. 7, page 6), Mr. Rosen discusses that the "industry norm", relative to maintenance and repair expenses, would be in the 4% to 6% range. Mr. Rosen concludes by suggesting that, should an industry average be selected as appropriate, then the high end of the range, or 6%, would be more appropriate than 4.5%, which is at the lower end of the range.

Neither party presented a line-by-line analysis of the actual repair and maintenance expenses and therefore the Board does not have the benefit of knowing the parties' position relative to the numerous entries in the general ledger.

Based on the evidence presented at the hearing, the Board finds that it cannot discern whether or not items purported to be a repair and maintenance expense were in fact properly repair and maintenance expense, or whether they might be more correctly viewed as capital in nature. The Board has insufficient evidence to extract actual repair and maintenance expenses. At the very least, however, the Board is of the view that the subject property would fall into the high end of any "industry average". Therefore, the Board finds that the subject property be given a repair and maintenance expense of 6% of total revenues.

3(c) Reserves for Replacement:

The Appraiser advises that the typical replacement reserves expense is between 3% and 5%. Having allowed for a higher than usual repair and maintenance allowance, the Appraiser chooses 4% (middle of the range) for replacement reserves.

The Agent suggests a replacement reserve of 5%, as this was the amount utilized by the Assessment Department in previous years, as well as the amount accepted by the Board in Board Order No. A-99-386.

The Board finds that there is no compelling evidence that would warrant a change from the previous allowance of 5% for replacement reserves.

4) Capitalization Rate:

The Appraiser is of the opinion that the appropriate Capitalization Rate for the subject property is 11%. To support this opinion, the Appraiser firstly reviewed four sales of Winnipeg hotels and secondly, sales of comparable historical hotels in Western Canada.

APPENDIX N -
The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

With respect to the first review, the Appraiser determined a Capitalization Rate range between 10.8% and 11.5%. With respect to the second review, the Appraiser indicates a Capitalization Rate ranging from 9.8% to 10%.

In rebuttal, the Agent advised that the Appraiser's Winnipeg hotel comparables are full-service hotels (having restaurants and/or pools, etc.) while the subject is not a "full service" Hotel. Additionally, he takes the position that the Appraiser's historical hotel comparables are superior. Each of these comparable hotels, he advised, had millions of dollars spent in renovation and restoration to bring them up to a pristine condition. He states that the sales reflected the renovated and restored condition.

The Owner asks that the Board look to and follow its previous decision (Municipal Board Order No. A-99-386) wherein the Board decided the subject property be given a 14.5% Capitalization Rate. The Agent provides no additional evidence on this point.

The Board finds that the Capitalization Rate comparables identified by the Appraiser are arguably superior hotels and not comparable to the subject property. Based on the evidence presented at the hearing, the Board is of the view that the Capitalization Rate must take into consideration the risk associated with the subject property.

Some of the risk considerations include, but are not limited to, the heritage designation that places strict restraint on the real estate, the age of the Hotel, the present condition relative to what is still required to cure all areas of deferred maintenance, the subject's history and the fact that the subject does not benefit from a national chain affiliation.

The subject Hotel has improved since the last assessment appeal, but not so substantially as to warrant a change in the previously determined Capitalization Rate.

For all the above noted reasons, the Board finds that the subject property be given a 14.5% Capitalization Rate.

CALCULATION OF THE 1999 MARKET VALUE

Revenue:		
Rooms		$ 5,332,500
Food and Beverage		4,519,100
Telephone		205,641
Parking		334,413
Other		610,353
Total Revenues:		$11,002,007
Departmental Expenses:		
Rooms		$ 1,599,750
Food and Beverage		3,585,170
Telephone		123,385
Other Income		564,577
Total Expenses:		$ 5,872,882
	Gross Profit	$ 5,129,125
Undistributed Expenses:		
Management		$ 440,080
Administration and General		880,161
Marketing		620,191
Energy		522,247
Repairs and Maintenance		660,120
Insurance		36,000
Property Taxes		130,332
Replacement Reserves		550,100
Total Undistributed Expenses		$ 3,839,231
Net Income		$ 1,289,894
Capitalization Rate		14.5%
1999 Estimated Market Value	**$ 8,895,821**	
Less: FF&E (15%)		1,334,373
		$ 7,561,448
	(Rounded)	**$ 7,561,000**

APPENDIX N -

The Municipal Board of Manitoba Order - Fort Garry Hotel (cont'd)

The Board finds that the subject property had a market value of $7,561,000 in the reference year.

THEREFORE, IT IS ORDERED:

1) That the Realty Assessment of the property located at Roll No. 12-1-927850/12-092785000 of The City of Winnipeg for the 2002 Realty Assessment **BE CHANGED** and the Roll be revised to **INCREASE** the assessed value of the subject property to $7,561,000.

2) That the filing fee be refunded to the Assessor for The City of Winnipeg. (File No. 01A1-0570)

THE MUNICIPAL BOARD

"June 27, 2002"
Date

Acting Chair

Secretary